

**Department of Legislative Services**  
Maryland General Assembly  
2002 Session

**FISCAL NOTE**

House Bill 91	(Chairman, Environmental Matters Committee) (Departmental - Agriculture)
Environmental Matters	Education, Health, and Environmental Affairs

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**State Agricultural Mediation Program**

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This departmental bill authorizes the Secretary of Agriculture to establish a federally certified State Agricultural Mediation Program in the Maryland Department of Agriculture (MDA).

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**Fiscal Summary**

**State Effect:** Because MDA already operates a mediation program, the bill's requirements could be handled with existing budgeted resources. Failure to enact the bill could result in a loss of federal certification for the existing program, resulting in a decrease in federal fund revenues of an estimated \$45,300 annually and a decrease in special fund revenues of an estimated \$1,000 annually beginning in FY 2003.

**Local Effect:** None.

**Small Business Effect:** MDA has determined that this bill will have a meaningful impact on small business (attached). Legislative Services disagrees with this assessment as discussed below.

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**Analysis**

**Bill Summary:** The stated purpose of the program is to provide eligible persons and government agencies with a voluntary and low-cost process to settle agriculturally related disputes. The bill authorizes the Secretary to establish qualifications for a person requesting agricultural mediation services and for individuals applying to serve as

mediators in the program. The bill also authorizes the Secretary to contract with any qualified individual to provide mediation services and to receive grants for the purposes of defraying the costs of the program. The Secretary may adopt regulations to implement the program and to meet federal requirements. MDA must maintain the confidentiality of all mediation records except for purposes of complying with federal reporting requirements.

**Current Law:** The Secretary of Agriculture has the authority to promote the interests of the State's agriculture industry. MDA is currently operating under that general authority in operating its existing mediation program.

**Background:** The federal Agricultural Credit Act of 1987 authorized the Secretary of Agriculture to help states develop the U.S. Department of Agriculture's (USDA) Certified State Agricultural Mediation Program and participate in that program. The federal Grain Standards and Warehouse Improvement Act of 2000 extended the program through federal fiscal 2005. Maryland is one of 27 states that participate in the program. MDA began participating in the program in 2000.

State programs certified by USDA qualify for grants to pay up to 70% of the operating costs of the program. The Agricultural Mediation Program provides private citizens and government agencies with a voluntary process to settle agriculturally related disputes in a non-adversarial setting. An impartial third party who is trained to help people evaluate their mutual problems and determine if they can agree on a solution assists parties seeking to resolve a dispute. Mediation is voluntary; the mediator has no power to force an agreement between the parties in dispute. MDA's role includes conducting mediator training programs, maintaining a list of qualified mediators, publicizing the availability of the program, subsidizing the cost of mediation, and coordinating mediation services. USDA estimates that the cost to an agency of mediating one case under the program is approximately \$2,300, while the average cost for processing one regulatory appeal (and subsequent litigation) is approximately \$80,000.

Since the establishment of MDA's mediation program, there have been six disputes, five of which were successfully resolved under the program.

MDA advises that the legislation is needed to ensure that the program meets the certification criteria required by the USDA. If it loses certification, MDA will no longer qualify for federal funds. MDA is currently certified through September 30, 2002.

**State Fiscal Effect:** Because MDA already operates a mediation program, the bill's requirements could be handled with existing budgeted resources.

Failure to enact this bill, however, could result in a loss of federal certification of the program. If MDA loses certification, it would result in a loss of federal funds for the program. Should this occur, MDA advises that most likely the program would be terminated. MDA advises that total expenditures for the existing mediation program are estimated at approximately \$64,700 in fiscal 2003. Based on that level of spending, MDA will receive an estimated \$45,300 in federal fund revenues from the USDA to offset the cost of operating its mediation program. In fiscal 2003, MDA is also expected to receive an estimated \$1,000 in special fund revenues from fees assessed individuals using the services of the program. If this bill is not enacted and the program is terminated as a result, revenues would decrease accordingly.

Currently, two staff within MDA dedicate approximately 50% of their time to the program. If the existing program is terminated, it is assumed that the two employees currently involved with the program would be given additional responsibilities within MDA. Accordingly, general fund expenditures would not be materially affected.

**Small Business Effect:** Legislative Services advises that because MDA already operates a mediation program, the bill is not anticipated to have a meaningful impact on small businesses in Maryland. Failure to enact the bill could, however, result in the termination of MDA's program, which could lead to an increase in expenditures for farmers related to the resolution of agricultural disputes in the future.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Agriculture, Department of Legislative Services

**Fiscal Note History:** First Reader - January 14, 2002  
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Analysis by: Lesley Frymier

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510