

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 127

(Chair, Education, Health, and Environmental Affairs
Committee)(By Request - Departmental - Agriculture)

Education, Health, and Environmental Affairs

Environmental Matters

Department of Agriculture - Manure Transportation Project

This departmental bill gives the Maryland Department of Agriculture (MDA), under the Manure Transportation Project, discretion to determine the amount of funding provided to match funding contributed by the commercial poultry producer industry for the transportation and handling of poultry litter, and repeals a limit of no more than \$10 per ton. The limitation on funding provided for the transportation of livestock manure is also modified by eliminating a \$20 per ton limit, but retaining the limit of 87.5% of eligible costs.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: Although the bill may increase spending under the program in any given year, it is not anticipated to have a budgetary impact, as discussed below.

Local Effect: None.

Small Business Effect: MDA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services disagrees. While the bill does not negatively impact small businesses, MDA has indicated that farmers that benefit from the program and small businesses involved in the program activity of handling and transportation could be positively impacted by the bill. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: The purpose of the Manure Transportation Project is to establish a cost share matching program to assist in the transportation of poultry or livestock manure from farms (1) to be used on land with soil having capacity to hold additional phosphorus or (2) to be used in environmentally acceptable ways other than land application.

The State must provide funding by matching the amount of funds contributed by the commercial poultry producer industry for transportation and handling of poultry litter. The State's share may not exceed \$10 per ton for poultry manure or 87.5% of eligible costs up to \$20 per ton for livestock manure.

Background: The Manure Transportation Project was established in 1999 as a pilot program for poultry producers but now serves all types of animal producers. The program is open to Maryland animal producers that do not have sufficient land to use the manure for crop production in accordance with a nutrient management plan or that have land that is phosphorus over enriched. The project is intended to protect water quality by fostering efficient land application of manure and alternative waste management and use technologies. Most of the manure transported to date has been poultry litter.

MDA indicates that being limited to providing an equal amount of funding to what the poultry companies contribute can prevent budgeted funding from being fully utilized to meet manure transportation demand. Poultry companies contract with poultry growers to raise the companies' birds. Under the Manure Transportation Project, companies commit a certain amount of money toward the program and MDA takes applications for manure transportation from poultry growers associated with the poultry companies that have committed funding. MDA indicates that the department stopped accepting applications for several months in the spring of 2013 because the limits of the companies' commitments had been reached. In fiscal 2013, a significant portion of the \$857,045 in State funding appropriated for the program went unspent.

MDA also indicates that increasing pressures on animal producers to meet the nutrient management goals under the Chesapeake Bay TMDL contribute to increased demand for the program. See the Department of Legislative Services 2014 Issue Papers, <http://mgaleg.maryland.gov/Pubs/legislegal/2014rs-Issue-Papers.pdf>, pgs. 239-240 ("Agricultural Nutrient Management") for a discussion of agricultural nutrient management efforts.

State Fiscal Effect: Providing MDA with greater discretion to determine the amount of State matching funding for the program, in and of itself, does not require an increased appropriation for the program. However, depending on the amount of matching funds

provided by the poultry companies, the bill could result in an increase in the amount of the State appropriation that is ultimately expended in any given year.

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 10, 2014
mc/lgc Revised - Enrolled Bill - April 30, 2014

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Department of Agriculture – Manure Transportation Project

BILL NUMBER: SB 127

PREPARED BY: Department of Agriculture

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS