

# SENATE BILL 280

M4, Q3  
SB 620/14 – FIN

EMERGENCY BILL

5lr1482  
CF 5lr1485

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By: **Senator Middleton**

Introduced and read first time: February 5, 2015

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Qualified Farms – Food Donation Pilot Program**

3 FOR the purpose of allowing certain qualified farms a credit, up to a certain amount,  
4 against the State income tax equal to a certain percentage of the value of certain food  
5 donations; providing for the carry forward of the credit; providing for the calculation  
6 of the amount of the credit; requiring the Secretary of Agriculture to establish certain  
7 values on a weekly basis; requiring the Secretary, in consultation with the  
8 Comptroller, to establish a certain certification procedure for certain tax credit  
9 administrators; requiring a tax credit certificate administrator that receives a  
10 certain donation to issue a certain tax credit certificate; requiring that a tax credit  
11 certificate contain certain information; requiring the Secretary, in consultation with  
12 the Comptroller, to prepare certain tax credit certificate forms; requiring the  
13 Secretary to notify certain administrators to stop issuing certain certificates if a  
14 certain limit is reached; providing that the total amount of tax credit certificates  
15 issued may not exceed a certain amount for certain fiscal years; requiring that the  
16 Secretary, in consultation with the Comptroller and the Task Force to Study the  
17 Implementation of a Hub and Spoke Program in the Southern Maryland Region  
18 submit a certain report by a certain date each year; reestablishing the Task Force to  
19 Study the Implementation of a Hub and Spoke Program in the Southern Maryland  
20 Region; providing for the composition, chair, and staffing of the Task Force;  
21 prohibiting a member of the Task Force from receiving certain compensation;  
22 requiring the Task Force to study and make recommendations regarding certain  
23 matters; requiring the Task Force to report its findings and recommendations to the  
24 Secretary and the General Assembly on or before a certain date each year; requiring  
25 the Secretary, in consultation with the Comptroller, to adopt certain regulations;  
26 defining certain terms; providing for the effective date of certain provisions of this  
27 Act; providing for the termination of certain provisions of this Act; making this Act  
28 an emergency measure; and generally relating to a tax credit for certain food  
29 donations.

30 BY adding to

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Tax – General  
2 Section 10–737  
3 Annotated Code of Maryland  
4 (2010 Replacement Volume and 2014 Supplement)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
6 That the Laws of Maryland read as follows:

7 **Article – Tax – General**

8 **10–737.**

9 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
10 INDICATED.

11 (2) “CERTIFIED ORGANIC PRODUCE” MEANS AN ELIGIBLE FOOD  
12 DONATION THAT IS CERTIFIED UNDER TITLE 10, SUBTITLE 14 OF THE  
13 AGRICULTURE ARTICLE AS AN ORGANICALLY PRODUCED COMMODITY.

14 (3) “ELIGIBLE FOOD DONATION” MEANS FRESH FARM PRODUCTS FOR  
15 HUMAN CONSUMPTION.

16 (4) “QUALIFIED FARM” MEANS A FARM BUSINESS THAT IS LOCATED  
17 IN ANNE ARUNDEL COUNTY, CALVERT COUNTY, CHARLES COUNTY, PRINCE  
18 GEORGE’S COUNTY, OR ST. MARY’S COUNTY.

19 (5) “SECRETARY” MEANS THE SECRETARY OF AGRICULTURE OR THE  
20 SECRETARY’S DESIGNEE.

21 (6) “TAX CREDIT CERTIFICATE ADMINISTRATOR” MEANS A PERSON  
22 OR AN ORGANIZATION THAT IS AUTHORIZED BY THE DEPARTMENT OF  
23 AGRICULTURE UNDER SUBSECTION (E) OF THIS SECTION TO RECEIVE ELIGIBLE  
24 FOOD DONATIONS.

25 (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, FOR A TAXABLE  
26 YEAR BEGINNING AFTER DECEMBER 31, 2014, BUT BEFORE JANUARY 1, 2018, A  
27 QUALIFIED FARM MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE  
28 AMOUNT STATED ON ANY TAX CREDIT CERTIFICATES ISSUED TO THE QUALIFIED  
29 FARM DURING THE TAXABLE YEAR.

30 (2) (i) EXCEPT AS PROVIDED IN SUBPARAGRAPH (ii) OF THIS  
31 PARAGRAPH, FOR ANY TAXABLE YEAR, THE AGGREGATE AMOUNT OF CREDITS  
32 AUTHORIZED UNDER THIS SUBSECTION FOR A QUALIFIED FARM MAY NOT EXCEED  
33 \$5,000.

1                   **(II) FOR ANY TAXABLE YEAR, THE SECRETARY MAY INCREASE**  
2 **THE CREDIT LIMITATION UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH FOR A**  
3 **QUALIFIED FARM BY AN AMOUNT NOT TO EXCEED \$5,000.**

4                   **(3) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE**  
5 **STATE INCOME TAX, ANY UNUSED CREDIT MAY BE CARRIED FORWARD AND APPLIED**  
6 **FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:**

7                   **(I) THE FULL AMOUNT OF THE CREDIT IS USED; OR**

8                   **(II) THE EXPIRATION OF THE 5TH YEAR AFTER THE TAXABLE**  
9 **YEAR FOR WHICH THE CREDIT WAS ALLOWED.**

10                  **(C) (1) A QUALIFIED FARM THAT MAKES AN ELIGIBLE FOOD DONATION IS**  
11 **ELIGIBLE FOR A TAX CREDIT CERTIFICATE WITH A STATED TAX CREDIT AMOUNT**  
12 **EQUAL TO 50% OF THE VALUE OF THE ELIGIBLE FOOD DONATION.**

13                  **(2) A QUALIFIED FARM THAT MAKES A DONATION OF CERTIFIED**  
14 **ORGANIC PRODUCE IS ELIGIBLE FOR A TAX CREDIT CERTIFICATE WITH A STATED**  
15 **TAX CREDIT AMOUNT EQUAL TO 75% OF THE VALUE OF THE DONATED CERTIFIED**  
16 **ORGANIC PRODUCE.**

17                  **(D) (1) EACH WEEK THE SECRETARY SHALL ESTABLISH AND PUBLISH**  
18 **THE CATEGORIES AND VALUE OF CERTIFIED ORGANIC PRODUCE AND ELIGIBLE**  
19 **FOOD DONATIONS.**

20                  **(2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION,**  
21 **THE VALUE OF EACH CATEGORY OF CERTIFIED ORGANIC PRODUCE AND ELIGIBLE**  
22 **FOOD DONATIONS IS THE WHOLESALE VALUE OF THE CATEGORY ESTABLISHED BY**  
23 **THE DEPARTMENT OF AGRICULTURE AND BASED ON UNITED STATES DEPARTMENT**  
24 **OF AGRICULTURE REPORTS ON MARYLAND PRODUCTS SOLD AT MARYLAND**  
25 **MARKETS.**

26                  **(3) IF THE SECRETARY DETERMINES THAT THE VALUE ESTABLISHED**  
27 **UNDER PARAGRAPH (2) OF THIS SUBSECTION IS INSUFFICIENT TO PAY FOR THE**  
28 **COST OF HARVESTING A CATEGORY OF CERTIFIED ORGANIC PRODUCE OR ELIGIBLE**  
29 **FOOD DONATION, THE SECRETARY MAY ESTABLISH A VALUE IN EXCESS OF THE**  
30 **VALUE UNDER PARAGRAPH (2) OF THIS SUBSECTION.**

31                  **(E) (1) THE SECRETARY, IN CONSULTATION WITH THE COMPTROLLER,**  
32 **SHALL ESTABLISH A PROCESS TO CERTIFY A PERSON OR AN ORGANIZATION TO ACT**  
33 **AS A TAX CREDIT CERTIFICATE ADMINISTRATOR.**

1           **(2) A TAX CREDIT CERTIFICATE ADMINISTRATOR THAT RECEIVES A**  
2 **DONATION OF CERTIFIED ORGANIC PRODUCE OR AN ELIGIBLE FOOD DONATION**  
3 **FROM A QUALIFIED FARM SHALL ISSUE THE QUALIFIED FARM A TAX CREDIT**  
4 **CERTIFICATE.**

5           **(3) THE TAX CREDIT CERTIFICATE SHALL:**

6                   **(I) STATE THE DATE OF THE DONATION;**

7                   **(II) IDENTIFY THE QUALIFIED FARM;**

8                   **(III) DESCRIBE THE TYPE OF DONATION;**

9                   **(IV) STATE THE WEIGHT OF THE DONATION;**

10                  **(V) IDENTIFY THE VALUE OF THE DONATION;**

11                  **(VI) STATE THE MAXIMUM AMOUNT OF THE TAX CREDIT FOR**  
12 **WHICH THE QUALIFIED FARM IS ELIGIBLE; AND**

13                  **(VII) PROVIDE ANY OTHER INFORMATION THE STATE**  
14 **DEPARTMENT OF AGRICULTURE OR COMPTROLLER REQUIRES.**

15           **(4) THE SECRETARY, IN CONSULTATION WITH THE COMPTROLLER,**  
16 **SHALL PREPARE TAX CREDIT CERTIFICATE FORMS FOR THE USE OF THE TAX CREDIT**  
17 **CERTIFICATE ADMINISTRATORS.**

18           **(5) WITHIN 30 DAYS AFTER ISSUING A TAX CREDIT CERTIFICATE, THE**  
19 **TAX CREDIT CERTIFICATE ADMINISTRATOR SHALL PROVIDE A COPY OF THE TAX**  
20 **CREDIT CERTIFICATE TO THE SECRETARY AND THE COMPTROLLER.**

21           **(6) (I) THE SECRETARY SHALL NOTIFY EACH TAX CREDIT**  
22 **CERTIFICATE ADMINISTRATOR TO STOP ISSUING TAX CREDIT CERTIFICATES IF THE**  
23 **AMOUNT OF TAX CREDIT CERTIFICATES ISSUED DURING THE FISCAL YEAR EQUALS**  
24 **OR EXCEEDS THE AMOUNT OF TAX CREDIT CERTIFICATES AUTHORIZED TO BE**  
25 **ISSUED DURING THE FISCAL YEAR UNDER SUBSECTION (F) OF THIS SECTION LESS**  
26 **\$50,000.**

27           **(II) THE SECRETARY, IN CONSULTATION WITH THE**  
28 **COMPTROLLER, SHALL ADOPT REGULATIONS PROVIDING PROCEDURES TO ISSUE**  
29 **THE REMAINING \$50,000 OF TAX CREDIT CERTIFICATES UNDER THIS PARAGRAPH.**

1           **(F) (1) FOR EACH FISCAL YEAR, THE TOTAL AMOUNT OF TAX CREDIT**  
2 **CERTIFICATES ISSUED UNDER THIS SECTION MAY NOT EXCEED \$250,000.**

3           **(2) IF THE TOTAL AMOUNT OF TAX CREDIT CERTIFICATES ISSUED**  
4 **DURING ANY FISCAL YEAR TOTALS LESS THAN THE MAXIMUM AMOUNT PROVIDED**  
5 **UNDER PARAGRAPH (1) OF THIS SUBSECTION, ANY EXCESS AMOUNT MAY BE**  
6 **CARRIED FORWARD AND ISSUED UNDER TAX CREDIT CERTIFICATES IN A**  
7 **SUBSEQUENT FISCAL YEAR.**

8           **(3) A TAX CREDIT CERTIFICATE MAY NOT BE ISSUED AFTER**  
9 **DECEMBER 31, 2017.**

10           **(G) ON OR BEFORE JANUARY 1 OF EACH YEAR, THE SECRETARY, IN**  
11 **CONSULTATION WITH THE COMPTROLLER AND THE TASK FORCE TO STUDY THE**  
12 **IMPLEMENTATION OF A HUB AND SPOKE PROGRAM IN THE SOUTHERN MARYLAND**  
13 **REGION, SHALL SUBMIT A REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246**  
14 **OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE USE AND**  
15 **IMPACT OF THE TAX CREDIT ESTABLISHED UNDER THIS SECTION.**

16           **(H) THE SECRETARY, IN CONSULTATION WITH THE COMPTROLLER, SHALL**  
17 **ADOPT REGULATIONS TO ADMINISTER THIS SECTION.**

18           SECTION 2. AND BE IT FURTHER ENACTED, That:

19           (a) There is a Task Force to Study the Implementation of a Hub and Spoke  
20 Program in the Southern Maryland Region, including Anne Arundel County, Calvert  
21 County, Charles County, Prince George's County, and St. Mary's County, to provide the  
22 low-income, working poor, and unemployed populations of that region with fresh farm  
23 products.

24           (b) The Task Force consists of the following members:

25           (1) one member of the Senate of Maryland, appointed by the President of  
26 the Senate;

27           (2) one member of the House of Delegates, appointed by the Speaker of the  
28 House;

29           (3) the Secretary of Agriculture, or the Secretary's designee;

30           (4) the Comptroller, or the Comptroller's designee; and

31           (5) the following members, appointed by the Governor:

1 (i) a representative of the Southern Maryland Agricultural  
2 Development Commission;

3 (ii) a representative of the Southern Maryland Ministers Alliance;  
4 and

5 (iii) a representative of Farming 4 Hunger.

6 (c) The Governor shall designate the chair of the Task Force.

7 (d) The Southern Maryland Agricultural Development Commission shall provide  
8 staff for the Task Force.

9 (e) A member of the Task Force may not receive compensation as a member of the  
10 Task Force.

11 (f) The Task Force shall:

12 (1) assess the nutritional needs of the low-income, working poor, and  
13 unemployed populations of the Southern Maryland region;

14 (2) study the infrastructure and equipment required to best serve those  
15 needs;

16 (3) make recommendations regarding the locations of collection and  
17 distribution sites throughout the region;

18 (4) make recommendations regarding the operation and management of a  
19 hub and spoke program, including human resources, the collaboration among members of  
20 the agricultural community and anti-hunger organizations, and processes for collecting  
21 and distributing locally-grown farm food;

22 (5) make recommendations regarding education and outreach efforts  
23 throughout the region regarding the hub and spoke program; and

24 (6) study and make recommendations regarding the implementation of the  
25 tax credit established under § 10-737 of the Tax – General Article for qualified farms that  
26 donate food and produce.

27 (g) On or before December 1 of each year, the Task Force shall report its findings  
28 and recommendations to the Secretary of Agriculture and, in accordance with § 2-1246 of  
29 the State Government Article, the General Assembly.

30 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take  
31 effect June 1, 2015. It shall remain effective for a period of 3 years and 1 month and, at the  
32 end of June 30, 2018, with no further action required by the General Assembly, Section 2  
33 of this Act shall be abrogated and of no further force and effect.

1           SECTION 4. AND BE IT FURTHER ENACTED, That this Act is an emergency  
2 measure, is necessary for the immediate preservation of the public health or safety, has  
3 been passed by a yea and nay vote supported by three-fifths of all the members elected to  
4 each of the two Houses of the General Assembly and, except as provided in Section 3 of this  
5 Act, shall take effect from the date it is enacted.