

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1534

(Delegate Wells, *et al.*)

Environment and Transportation

Education, Health, and Environmental Affairs

Department of Agriculture - Urban Agriculture Grant Program

This bill establishes an Urban Agriculture Grant Program within the Maryland Department of Agriculture (MDA) and an Urban Agriculture Grant Fund to support the program. The bill authorizes the distribution of up to \$400,000 from the unclaimed property fund to the Urban Agriculture Grant Fund for each fiscal year from fiscal 2022 through 2025. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: General fund revenues decrease by up to \$400,000 annually from FY 2022 through 2025. Special fund revenues to and expenditures from the Urban Agriculture Grant Fund increase correspondingly, as discussed below.

Local Effect: The bill does not directly affect local government finances. The involvement of Baltimore City agency staff in the review board (discussed below) can be handled with existing resources.

Small Business Effect: Meaningful.

Analysis

Bill Summary: The stated purpose of the Urban Agriculture Grant Program is to increase the viability of urban farming and improve access to urban-grown foods. The stated purpose of the Urban Agriculture Grant Fund, which is administered by the Secretary of Agriculture, is to provide grants to nonprofit organizations in Baltimore City to implement the program.

The bill authorizes the distribution of up to \$400,000 from the unclaimed property fund to the Urban Agriculture Grant Fund for each fiscal year from fiscal 2022 through 2025.

The fund must be used to provide grants to qualified nonprofit organizations that distribute the grant money to urban agricultural producers. A nonprofit organization is qualified to receive a grant if MDA determines that the nonprofit organization (1) is incorporated or maintains its principal place of business in Baltimore City and (2) works to increase the viability of urban farming and improve access to urban-grown foods.

MDA must adopt regulations, subject to the availability of money in the fund, to provide grants under the fund. The regulations must:

- establish a review board to implement (1) a competitive grant application process that prioritizes applications that will accomplish the goals of the Urban Agriculture section of the 2019 Baltimore Sustainability Plan; (2) a system to fairly evaluate each grant application and award grants from money available in the fund; and (3) a grant agreement to be used by the review board and grant recipients;
- require the review board to include members representing (1) the Baltimore Office of Sustainability; (2) the Baltimore Development Corporation; and (3) the Department of Planning;
- require that (1) more than 75% of the review board members be comprised of staff representing an agency of Baltimore City and (2) the remainder be appointed by MDA, based on the member's ability to help achieve the purpose of the program;
- require grant recipients to distribute at least 70% of the amount of the grant to urban agricultural producers to (1) secure real property; (2) maintain safe, environmentally sustainable, and socially responsible practices; and (3) support viable urban agriculture enterprises;
- require that grant applications demonstrate a measurable impact on improving local food access or other community benefits;
- require at least 70% of the amount of each grant to be distributed to minority-owned or operated urban agricultural producers; and
- prohibit grant recipients from using more than 30% of the amount of the grant for operating expenses.

“Urban agricultural producer” is defined as any person that annually sells, or normally would have sold, \$1,000 or more of farm products in Baltimore City. “Farm product” is defined as:

- any agricultural, horticultural, vegetable, or fruit product of the soil, whether raw, canned, frozen, dried, pickled, or otherwise processed;
- livestock, meats, marine food products, poultry, eggs, dairy products;

- wool, hides, feathers, nuts, honey; and
- every product of farm, forest, orchard, garden, or water.

Within 90 days after the end of a grant cycle, a qualified nonprofit organization that received a grant must submit a report to MDA that includes (1) the names and locations of urban agricultural producers that received funds under the program; (2) the dollar amount of funds awarded to each urban agricultural producer; and (3) the impact of the program on increasing the viability of urban farming and improving access to urban-grown foods.

By October 15 each year, beginning in 2022, MDA must submit a report to the Governor, the Senate Budget and Taxation Committee, and the House Appropriations Committee on the effectiveness of the funding under the program.

The bill authorizes MDA to adopt any additional implementing regulations.

Current Law/Background:

Urban Agriculture

MDA indicates that Baltimore City currently has 20 farms. The University of Maryland Extension recently published results of a needs assessment of urban farmers in Maryland (published in the Journal of the National Association of County Agricultural Agents, Volume 12, Issue 1 (June 2019)) which describes characteristics of urban farmers in the State and the barriers they face. As described in the study's abstract:

Twenty-nine urban farmers completed a survey, which represents a large proportion of the urban farming population in this region. The majority of urban farmer respondents grew vegetables, fruits, and cut flowers in land-based production systems using raised-beds, in-ground growing, and high tunnels. Urban farmers prioritized balancing numerous goals, including producing food for themselves and their communities, creating jobs, and providing income for themselves. Financially, urban farmers were similar to the general farming population, with about half of respondents farming part-time and selling less than \$10,000 of farm products.

When the urban farmers were asked which of specified choices they saw as the biggest barrier to their goals for their farm, the most selected choices were (1) access to credit and financing; (2) available land or buildings to rent or purchase; (3) labor; and (4) marketing assistance.

Unclaimed Property Fund

Title 17 of the Commercial Law Article generally governs abandoned property in the State.
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Within one year of taking custody of abandoned personal property, the Comptroller must sell the property at auction. A person who claims a legal interest in property delivered to the Comptroller must file a claim to the property or to the proceeds from its sale. For property sold at auction, if the Comptroller allows the claim, the Comptroller must pay the claimant an amount equal to the sales price.

The Comptroller has an electronic [unclaimed property database](#) on the agency's website.

All funds received under Title 17 must be credited by the Comptroller to a special fund (referred to as the unclaimed property fund). The Comptroller must retain up to \$50,000 annually to pay any claims allowed under Title 17. After deducting administrative costs, the Comptroller must distribute \$2.0 million to the Maryland Legal Services Corporation Fund.

Subsequently, the Comptroller must distribute all unclaimed money from judgments of restitution to the State Victims of Crime Fund to assist victims of crimes and delinquent acts to protect the victims' rights as provided by law. If a victim entitled to restitution that has been treated as abandoned property is located after the money has been distributed, the Comptroller must reduce the next distribution to the State Victims of Crime Fund by the amount recovered by the victim.

After making the required distributions, the Comptroller must distribute the remaining net funds to the general fund.

In fiscal 2019, the unclaimed property fund had total revenues of \$177.0 million, of which \$65.0 million was paid out for property claim refunds. Following a \$5.5 million disbursement for administrative expenses, and a mandated \$2.0 million distribution to the Maryland Legal Services Corporation Fund, the remaining \$104.5 million reverted to the general fund.

State Fiscal Effect: General fund revenues decrease by up to \$400,000 annually, from fiscal 2022 through 2025, due to the authorized distribution of funds from the unclaimed property fund to the Urban Agriculture Grant Fund instead of the general fund. Under the bill, the authorized distribution from the unclaimed property fund to the Urban Agriculture Grant Fund, similar to the distributions to the Maryland Legal Services Corporation Fund and the State Victims of Crime Fund, is made after deduction of administrative costs, but before the distribution of any remaining funds to the general fund. Therefore, a distribution of funding to the Urban Agriculture Grant Fund results in a decrease in general fund revenues.

Special fund revenues to the Urban Agriculture Grant Fund increase correspondingly, as a result of any distributions from the unclaimed property fund. Special fund expenditures

also increase by an equivalent amount overall, reflecting spending from the Urban Agriculture Grant Fund; however, spending from the fund may not necessarily occur entirely in the same fiscal year that the funding is received.

MDA expects to manage the program and fund with existing staff.

Small Business Effect: Grants provided under the program are expected to have a meaningful impact on small business urban farmers, consistent with the purpose of the program of increasing the viability of urban farming and improving access to urban-grown foods.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Department of Agriculture; Department of Budget and Management; Department of Natural Resources; Maryland Department of Planning; Baltimore City; National Association of County Agricultural Agents; Department of Legislative Services

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