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FISCAL AND POLICY NOTE
Enrolled

Senate Bill 673

(Senator Gallion, *et al.*)

Education, Health, and Environmental Affairs

Environment and Transportation

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 takes effect July 1, 2021.**

Fiscal Summary

State Effect: General fund expenditures increase by *at least* \$100,000 annually beginning in FY 2022 to capitalize the fund. 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 Governor to include an appropriation to the fund in the annual budget bill.

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 and historically disadvantaged urban farmers; (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 be composed 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.

In adopting the regulations, MDA must seek and prioritize input from urban agriculture farms and farmer advocates.

“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, or dairy products;
- wool, hides, feathers, nuts, or 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 2023, 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: Entities or programs in State law that provide grants, loans, or other forms of financial assistance that support agricultural interests in the State include (1) the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO), which provides financial assistance to agricultural and resource-based businesses through numerous programs; (2) the Certified Local Farm Enterprise Food Aggregation Grant Fund (enacted under Chapters 2 and 32 of 2021 and administered by MARBIDCO), supporting the creation of food aggregation, storage, processing, and distribution sites across the State; and (3) the Maryland Farms and Families Program within MDA, that has the purpose of doubling the purchasing power of food-insecure Maryland residents with limited access to fresh fruits and vegetables (by providing matching dollars for federal nutrition benefits at farmers markets) and to increase revenue for farmers through redemption of federal nutrition benefits at Maryland farmers markets.

State Fiscal Effect: General fund expenditures increase by *at least* \$100,000 annually beginning in fiscal 2022 to capitalize the new special fund. This estimate reflects an annual general fund appropriation that is assumed, for the purposes of this fiscal and policy note, to be an approximate minimum amount needed for a viable program. General fund expenditures increase by a greater amount to the extent the program is funded at a higher level, increasing its effectiveness.

Special fund revenues to the Urban Agriculture Grant Fund increase correspondingly, reflecting receipt of the general fund appropriations to the 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.

A 2019 University of Maryland Extension 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)) described 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.

Additional Information

Prior Introductions: HB 1534 of 2020 passed the House with amendments and was referred to the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken.

Designated Cross File: HB 269 (Delegate Wells) - Environment and Transportation.

Information Source(s): Baltimore City; Maryland Department of Agriculture; Department of Budget and Management; Maryland Department of Planning; Department of Legislative Services

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