

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 344

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

Education, Health, and Environmental Affairs

Environment and Transportation

Agriculture - Cost-Sharing Program - State Cost-Sharing Funds

This departmental bill increases the amount of State funding that projects that are being considered for State cost-sharing are eligible to receive under the Maryland Department of Agriculture's (MDA) Maryland Agricultural Water Quality Cost-Share Program (MACS) (from up to 87.5% of eligible costs to up to 100% of eligible costs). **The bill takes effect July 1, 2021, and terminates June 30, 2026.**

Fiscal Summary

State Effect: Overall finances of MACS are not affected; the bill merely changes the allowable funding levels available for certain projects. MDA can implement the bill's changes with existing budgeted resources.

Local Effect: None.

Small Business Effect: MDA has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law/Background: MACS, which is administered by MDA, was established by the Maryland General Assembly in 1982 as one of several initiatives to improve water quality and achieve State water quality goals. MACS provides financial assistance to farmers to implement best management practices (BMPs) to improve water quality.

Grassed waterways, streamside buffers, and animal waste storage systems are among more than 30 BMPs eligible for funding under the program.

State cost-sharing for agricultural BMPs may be made available for up to 87.5% of capital expenditures for installing, purchasing, or constructing a BMP, up to \$200,000 as determined by regulation adopted jointly by the Secretary of Agriculture and the Secretary of the Environment. Under MDA regulations, cost-sharing is limited to (1) \$50,000 per project and \$150,000 per farm, for projects other than animal waste treatment and containment projects and (2) \$200,000 per project and \$300,000 per farm for animal waste treatment and containment projects.

The Governor's fiscal 2022 five-year *Capital Improvement Program* includes \$5.0 million, \$6.0 million, and \$7.0 million in general obligation (GO) bond funding in fiscal 2022, 2023, and 2024, respectively, and \$8.0 million in GO bond funding in each of fiscal 2025 and 2026 for the MACS program.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

Fiscal Note History: First Reader - January 11, 2021
rh/sdk Third Reader - March 12, 2021
Revised - Amendment(s) - March 12, 2021
Revised - Budget Information - March 12, 2021

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Agriculture – Cost-Sharing Program – State Cost-Sharing Funds

BILL NUMBER: SB 344

PREPARED BY: Cassie Shirk

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

OR

WILL HAVE A MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

Under the proposed legislation, the Maryland Department of Agriculture will be able to provide up to 100% of eligible costs for the implementation of certain conservation practices on farms (currently, the statutory cap is 87.5% of the eligible costs). This enhanced funding assistance will benefit many small farming operations, many of which work on slim profit margins. The additional financial assistance will provide additional incentive to these farming operations to install additional best management practices to meet Maryland’s WIP III goals and promote more business for farmers and contractors installing those practices.