A BILL ENTITLED

AN ACT concerning

Local Governments – Urban Agricultural Incentive Zones – Authorization

FOR the purpose of authorizing a local government to establish, by local law, procedures for a qualifying farmer or partner organization to apply to the local government to designate an area as an urban agricultural incentive zone; requiring a local government to establish an urban agricultural incentive zone advisory committee to advise the local government on the designation of an area as an urban agricultural incentive zone under certain circumstances; authorizing a local government to designate, by law, an area as an urban agricultural incentive zone under certain circumstances; requiring the Comptroller to distribute the sales and use tax revenue on the sale of farm products in an urban agricultural incentive zone to the local government in which the urban agricultural incentive zone is located; and generally relating to urban agricultural incentive zones.

BY repealing and reenacting, without amendments,

Article – Agriculture
Section 2–2001(a) and (b)
Annotated Code of Maryland
(2016 Replacement Volume and 2021 Supplement)

BY adding to

Article – Local Government
Section 1–1601 through 1–1604 to be under the new subtitle “Subtitle 16. Urban Agricultural Incentive Zones”
Annotated Code of Maryland
(2013 Volume and 2021 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – General
Section 2–1302.1

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

**Article – Agriculture**


(a) In this subtitle the following words have the meanings indicated.

(b) “Farm product” means:

   (1) Any agricultural, horticultural, vegetable, or fruit product of the soil, whether raw, canned, frozen, dried, pickled, or otherwise processed;

   (2) Livestock, meats, marine food products, poultry, eggs, or dairy products;

   (3) Wool, hides, feathers, nuts, or honey; and

   (4) Every product of farm, forest, orchard, garden, or water.

**Article – Local Government**

**SUBTITLE 16. URBAN AGRICULTURAL INCENTIVE ZONES.**

1–1601.

(A) In this subtitle the following words have the meanings indicated.

(B) “Designated area” means an area designated by a local government as an urban agricultural incentive zone in accordance with this subtitle.

(C) “Farm product” has the meaning stated in § 2–2001 of the Agriculture Article.

(D) “Local government” means a county or municipality.

(E) “Partner organization” means a nonprofit organization that meets standards set forth by § 501(c)(3) of the Internal Revenue Code and whose mission includes supporting urban agricultural activities.
(F) "QUALIFYING FARMER" MEANS AN INDIVIDUAL WHO MEETS QUALIFICATIONS ESTABLISHED BY A LOCAL GOVERNMENT UNDER § 1–1602 OF THIS SUBTITLE.

1–1602.

(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A LOCAL GOVERNMENT MAY ESTABLISH, BY LOCAL LAW, PROCEDURES FOR A QUALIFYING FARMER OR A PARTNER ORGANIZATION TO APPLY TO THE LOCAL GOVERNMENT TO DESIGNATE AN AREA AS AN URBAN AGRICULTURAL INCENTIVE ZONE.

(B) A LOCAL LAW ADOPTED UNDER THIS SECTION SHALL ESTABLISH QUALIFICATIONS AND APPLICATION PROCEDURES, INCLUDING REQUIRING THAT AN APPLICANT:

(1) (I) PROCESS, GROW, RAISE, OR OTHERWISE PRODUCE FARM PRODUCTS IN THE PROPOSED AREA; OR

(II) SELL FARM PRODUCTS, OF WHICH 75% IS LOCALLY GROWN FOOD, IN THE PROPOSED AREA; AND

(2) DEMONSTRATE OR IDENTIFY:

(I) THE NUMBER OF JOBS TO BE CREATED, MAINTAINED, OR SUPPORTED IN THE PROPOSED AREA;

(II) THE TYPES OF PRODUCTS TO BE PRODUCED;

(III) IF SELLING PRODUCTS TO CONSUMERS, THE ABILITY TO ACCEPT FEDERAL NUTRITION BENEFITS; AND

(IV) THE GEOGRAPHIC DESCRIPTION OF THE PROPOSED AREA.

1–1603.

(A) ON APPLICATION TO DESIGNATE AN AREA AS AN URBAN AGRICULTURAL INCENTIVE ZONE UNDER § 1–1602 OF THIS SUBTITLE, THE LOCAL GOVERNMENT SHALL ESTABLISH AN URBAN AGRICULTURAL INCENTIVE ZONE ADVISORY COMMITTEE.

(B) AN ADVISORY COMMITTEE ESTABLISHED UNDER THIS SECTION SHALL CONSIST OF:
(1) AN ELECTED EXECUTIVE OF THE LOCAL GOVERNMENT IN WHICH THE URBAN AGRICULTURAL INCENTIVE ZONE IS PROPOSED TO BE LOCATED; AND

(2) FOUR RESIDENTS OF THE LOCAL JURISDICTION IN WHICH THE URBAN AGRICULTURAL AREA IS PROPOSED TO BE LOCATED, INCLUDING AT LEAST ONE RESIDENT WITH EXPERIENCE IN, OR WHO REPRESENTS AN ORGANIZATION ASSOCIATED WITH, SUSTAINABLE AGRICULTURE, URBAN FARMING, OR COMMUNITY GARDENING.

(C) (1) AN ADVISORY COMMITTEE ESTABLISHED UNDER THIS SECTION SHALL:

(I) ADVISE THE LOCAL GOVERNMENT ON THE DESIGNATION OF AN AREA AS AN URBAN AGRICULTURAL INCENTIVE ZONE; AND

(II) HOLD A PUBLIC HEARING AND PROVIDE AN OPPORTUNITY TO COMMENT ON AN APPLICATION TO DESIGNATE AN AREA AS AN URBAN AGRICULTURAL INCENTIVE ZONE.

(2) IF A LOCAL LAW TO DESIGNATE AN AREA AS AN URBAN AGRICULTURAL INCENTIVE ZONE IS ADOPTED UNDER § 1–1604 OF THIS SUBTITLE, THE ADVISORY COMMITTEE SHALL:

(I) REVIEW THE DESIGNATION EVERY 5 YEARS; AND

(II) ADVISE THE LOCAL GOVERNMENT ON WHETHER THE DESIGNATED AREA SHOULD BE MODIFIED OR TERMINATED.

1–1604.

(A) AFTER AN ADVISORY COMMITTEE PROVIDES A PUBLIC HEARING AND OPPORTUNITY TO COMMENT ON AN APPLICATION IN ACCORDANCE WITH § 1–1603 OF THIS SUBTITLE, A LOCAL GOVERNMENT MAY DESIGNATE, BY LAW, AN AREA AS AN URBAN AGRICULTURAL INCENTIVE ZONE.

(B) (1) A LOCAL LAW ADOPTED UNDER THIS SECTION SHALL ESTABLISH A LOCAL URBAN AGRICULTURAL INCENTIVE ZONE FUND TO RECEIVE;

(I) CONSERVATION INNOVATION GRANT MONEY FROM THE U.S. DEPARTMENT OF AGRICULTURE;
(II) sales and use tax revenue distributed to the local
government under § 2–1302.1 of the tax–general article; and

(III) any other money from any other source accepted
for the benefit of the fund.

(2) Money in the fund may be used in a manner determined by
the local government, including for:

(I) supporting opportunities for local economic
development associated with urban agricultural activities;

(II) providing funding for educational programs
focused on nutrition and local urban farms; and

(III) improving community access to healthy food
choices.

(C) (1) This subsection applies to real property that is:

(I) located in a designated area; and

(II) used by a qualifying farmer or partner
organization to process, grow, raise, or otherwise produce farm
products.

(2) A local law adopted under this subsection may:

(I) grant a property tax credit against the local
property tax imposed on real property;

(II) provide that the local property tax imposed on
real property will not increase for a period of up to 25 years; and

(III) authorize an entity providing water, electricity,
or other utilities to real property to allow a qualifying farmer or
partner organization to:

1. pay a reduced rate for service; or

2. pay a reduced connection charge for service.
(D) (1) After 25 years, an urban agricultural incentive zone established under this section shall dissolve.

(2) If a local government determines that an urban agricultural incentive zone is not meeting the requirements established by the local government under this subtitle, the local government may, by law, dissolve the urban agricultural incentive zone.

Article – Tax – General

2–1302.1.

After making the distributions required under §§ 2–1301 and 2–1302 of this subtitle, of the sales and use tax collected:

(1) on short-term vehicle rentals under § 11–104(c) of this article the Comptroller shall distribute:

   (i) 45% to the Transportation Trust Fund established under § 3–216 of the Transportation Article; and

   (ii) the remainder to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund; [and]

(2) on the sale or use of a digital product or digital code under Title 11 of this article the Comptroller shall distribute 100% to the Blueprint for Maryland’s Future Fund established under § 5–206 of the Education Article; AND

(3) on the sale of farm products in an urban agricultural incentive zone established under Title 1, Subtitle 16 of the Local Government Article the Comptroller shall distribute 100% to the local government in which the urban agricultural incentive zone is located.

Section 2. And be it further enacted, That this Act shall take effect October 1, 2022.