

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 646

(Delegates Proctor and R. Jones)

Environment and Transportation

Rules

Tri-County Council for Southern Maryland - Funding for Southern Maryland Agricultural Development Commission

This bill requires the Governor to include in the annual budget bill an appropriation of \$900,000, beginning in fiscal 2024 (and, under the termination provision of the bill, only through fiscal 2025), to the Tri-County Council for Southern Maryland (TCC) from the Cigarette Restitution Fund (CRF). The appropriation must be in addition to, and may not supplant, any funding appropriated to TCC, and TCC must use the funds for the activities of the Southern Maryland Agricultural Development Commission (SMADC). The bill expands the use of CRF funds to include the activities of SMADC. The budget bill must contain a separate section that includes the appropriation for TCC, and the budget books must contain a budget presentation that provides an overview of the proposed expenditures for TCC, including proposed expenditures for SMADC. **The bill takes effect July 1, 2022, and terminates June 30, 2025.**

Fiscal Summary

State Effect: No effect in FY 2023. Special fund expenditures for TCC may increase by *as much as* \$900,000 annually in FY 2024 and 2025 due to the bill's mandated appropriation, as discussed below. Revenues are not affected. **This bill establishes a mandated appropriation for FY 2024 and 2025.**

Local Effect: No direct effect on local governmental operations or finances as TCC is a quasi-governmental entity.

Small Business Effect: Potential meaningful.

Analysis

Current Law:

Tri-County Council for Southern Maryland – Generally

[TCC](#) is a cooperative planning and development unit for Calvert, Charles, and St. Mary's counties. The council initiates and coordinates plans and projects for the development of human and economic resources of the region as a Southern Maryland planning and development unit. Activities of TCC include research, information management, and the preparation of a regional plan. All of the activities of TCC are designed to assist federal, State, and county governments in better performing their respective duties.

TCC receives a combination of federal, State, and local funding. Calvert, Charles, and St. Mary's counties must each appropriate \$125,000 annually to the council to foster cooperative planning and development in the region.

Southern Maryland Agricultural Development Commission

[SMADC](#) is a division of TCC and was convened by TCC in 2000, when the State instituted a voluntary tobacco buy-out program to transition farms out of tobacco production. The commission has assisted farmers in transitioning from tobacco production to alternative crops and agricultural enterprises and works to promote local farm products.

TCC operates its agricultural programs through SMADC, which works with the council to develop programs to stabilize the region's agricultural economy as Maryland farmers transition away from tobacco production. Funds from CRF are appropriated annually to the Maryland Department of Agriculture (MDA), which then issues grants to TCC.

Cigarette Restitution Fund

Chapters 172 and 173 of 1999 established CRF, which is supported by payments made under the Master Settlement Agreement (MSA). Through MSA, settling tobacco manufacturers pay the litigating parties – 46 states, 5 territories, and the District of Columbia – substantial annual payments in perpetuity. The use of CRF funds is restricted by statute. For example, at least 30% of the annual appropriation must be used for Medicaid. One of the programs that CRF must fund is the implementation of the Southern Maryland Regional Strategy-Action Plan for Agriculture adopted by TCC with an emphasis on alternative crop uses for agricultural land now used for growing tobacco.

State Expenditures: The fiscal 2022 budget for MDA includes \$900,000 for TCC from the CRF, and the fiscal 2023 budget, as enacted, includes an appropriation of HB 646/ Page 2

\$900,000 within MDA to TCC from the CRF. Thus, there is no fiscal effect in fiscal 2023 as the funding that year is discretionary and already provided in the budget. However, as the Governor is not obligated to continue this funding under current law, the mandated appropriation ensures ongoing CRF funding at the same level – \$900,000 – annually through fiscal 2025. To the extent that CRF funding would otherwise not be provided, or a lesser amount would be provided absent the bill, special fund expenditures for TCC increase by as much as \$900,000 annually in fiscal 2024 and 2025.

The Department of Budget and Management can include in the budget books a budget presentation that provides an overview of the proposed expenditures for TCC, including proposed expenditures for SMADC, with existing resources.

Small Business Effect: Small businesses that are farms in Southern Maryland may benefit from the ensured continuation of SMADC's programs in fiscal 2024 and 2025. SMADC provides support, grants, and marketing and promotion to area farmers.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 378 (Senator Jackson, *et al.*) - Budget and Taxation.

Information Source(s): Charles and St. Mary's counties; Department of Commerce; Maryland Department of Agriculture; Department of Budget and Management; Maryland Department of Health; Department of Legislative Services

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