

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1216

(Delegate Wells)

Environment and Transportation

Education, Health, and Environmental Affairs

Department of Agriculture - Urban Agriculture Grant Fund

This bill expands the purpose and scope of the Urban Agriculture Grant Program and the Urban Agriculture Grant Fund, which are administered by the Maryland Department of Agriculture (MDA). First, the bill expands the scope of the program to apply to agricultural producers in an urban area, rather than just Baltimore City. Second, the bill expands the purpose and authorized uses of the fund to provide grants to qualified applicants, rather than just nonprofit organizations in Baltimore City. From fiscal 2024 through 2028, the Governor must include in the annual budget bill an appropriation of \$250,000 to the fund. The bill also makes various changes to provisions governing regulations that MDA must adopt relating to the grant program.

Fiscal Summary

State Effect: Supplemental Budget No. 4 includes \$500,000 in general funds to support the program in FY 2023, contingent upon the enactment of this bill. Accordingly, general fund expenditures increase by \$500,000 in FY 2023. General fund expenditures increase by \$250,000 annually from FY 2024 through 2028, reflecting the bill's mandated appropriation. Special fund revenues and expenditures increase correspondingly, as discussed below. **This bill establishes a mandated appropriation for FY 2024 through 2028.**

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Meaningful.

Analysis

Bill Summary:

Scope and Purpose of the Urban Agriculture Grant Fund

The fund must be used to provide grants to qualified applicants (rather than nonprofit organizations that meet specified qualifications and distribute the grant money to urban agricultural producers). “Qualified applicant” means an agricultural producer, a nonprofit organization, or an institution of higher education that meets specified qualifications.

“Urban agricultural producer” means any person that annually sells, or normally would have sold, \$1,000 or more of farm products in *an urban area* (rather than Baltimore City). “Urban area” means an area of the State that is delineated as an urban area by the U.S. Census Bureau.

Maryland Department of Agriculture Regulations

The bill alters requirements governing the regulations that MDA must adopt to provide grants under the fund. MDA regulations must establish a review board to implement a competitive grant application process that prioritizes applications that benefit socially disadvantaged urban farmers (rather than accomplish the goals of the Urban Agriculture section of the 2019 Baltimore Sustainability Plan and disadvantaged urban farmers). The bill also makes changes to the regulatory requirements relating to the review board’s membership, as specified.

For nonprofit organizations that receive a grant for the purpose of distributing grant money to urban agricultural producers, MDA regulations must require the nonprofit organization to distribute at least 85% of the amount of the grant to urban agricultural producers to (1) secure real property, as specified; (2) maintain safe, environmentally sustainable, and socially responsible practices; and (3) make capital improvements to support viable urban agricultural enterprises. (Under current law, at least 70% of the amount of the grant must be distributed to urban agricultural producers in the specified manner.)

The regulations also must require that at least 85% of the amount of each grant given to nonprofit organizations be distributed to urban agricultural producers located in low-income census tracts or designated food deserts (of which at least 25% of the grant money must be distributed to urban agricultural producers in Baltimore City). In addition, the regulations must prohibit grant recipients from using more than 15% of the amount of the grant for operating expenses. (Under current law, at least 70% of the amount of each grant given to nonprofit organizations must be distributed to minority-owned or operated

urban agricultural producers, and grant recipients are prohibited from using more than 30% of the amount of the grant for operating expenses.)

Expanded Eligibility and Requirement for Grant Recipients

An institution of higher education is qualified to receive a grant in a similar manner to a nonprofit organization, including if MDA determines the entity will provide direct training and ongoing technical assistance, as specified, to urban agricultural producers that receive a grant. With respect to a nonprofit organization, the nonprofit organization must be incorporated or maintain its principal place of business in an urban area (rather than Baltimore City).

An urban agricultural producer is qualified to receive a grant if MDA determines that the urban agricultural producer will complete a new farming training or continuing education program.

Current Law: Chapter 320 of 2021 established the Urban Agriculture Grant Program within MDA to increase the viability of urban farming and improve access to urban-grown foods. To support the program, Chapter 320 also established an Urban Agriculture Grant Fund to provide grants to qualified nonprofit organizations in Baltimore City.

The stated purpose of the program is to increase the viability of urban farming and improve access to urban-grown foods. The stated purpose of the fund is to provide grants to nonprofit organizations in Baltimore City to implement the program. The Governor is authorized 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.

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 provided under the program.

MDA may adopt any additional implementing regulations.

State Fiscal Effect: Supplemental Budget No. 4 includes \$500,000 in general funds to support the Urban Agriculture Grant Program in fiscal 2023, contingent upon the enactment of this bill. Accordingly, general fund expenditures increase by \$500,000 in fiscal 2023. In addition, as a result of the bill's mandated appropriation, general fund expenditures increase by \$250,000 annually from fiscal 2024 through 2028. 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 continue to manage the program and fund with existing staff.

As institutions of higher education that meet specified qualifications are eligible for grants under the bill's changes, revenues increase for any State institutions of higher education that receive grants under the bill; expenditures increase correspondingly.

Small Business Effect: Grants provided under the program (to any of the qualified applicants) 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. In addition, agricultural producers may qualify directly for grants from the fund if they meet the qualifications established by the bill relating to education and training.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Baltimore City Community College; University System of Maryland; Morgan State University; Maryland Department of Agriculture; Department of Budget and Management; Department of Legislative Services

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