

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 34
(Senators Hester and Gallion)
Education, Energy, and the Environment

Department of Agriculture - State Specialist for Value-Added Agriculture

This bill establishes the State Specialist for Value-Added Agriculture as a position in the Maryland Department of Agriculture (MDA).

Fiscal Summary

State Effect: General fund expenditures increase by \$81,500 in FY 2024 and by ongoing amounts in future years, reflecting annualization and inflation. Revenues are not affected.

| (in dollars) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|----------------|------------|------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 81,500 | 97,400 | 101,700 | 106,200 | 111,800 |
| Net Effect | (\$81,500) | (\$97,400) | (\$101,700) | (\$106,200) | (\$111,800) |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Bill Summary:

Value-added Agriculture

The bill defines “value-added agriculture” as the alteration or enhancement of a raw agricultural product, including livestock, or an agricultural service in a way that increases the product or service’s worth to a consumer and brings more revenue to a farmer,

producer, or processor. This includes all enterprises, including those providing equine activities, in which an agricultural business or the agricultural business's products or services are altered, marketed, produced, or processed in a way that adds income to a farmer, producer, or processor.

State Specialist

The State Specialist for Value-Added Agriculture is appointed by the Secretary of Agriculture and must:

- serve as the primary point of contact for individuals engaging in, or interested in engaging in, value-added agriculture in the State;
- provide information regarding State and federal regulations relating to value-added agriculture;
- act as a liaison between State and federal partners involved in value-added agriculture; and
- perform any other duty or function that supports value-added agriculture in the State, as required by the Secretary.

During the first year after the initial appointment, the priority function of the State Specialist for Value-Added Agriculture is to focus on implementing the recommendations of the Task Force to Study the Feasibility of Return to State Meat Process Inspection (discussed below under Additional Comments).

The bill requires a position identification number (PIN) to be created in MDA for the State Specialist for Value-Added Agriculture. The specialist must receive a salary as provided in the State budget.

Current Law:

Maryland Department of Agriculture Positions and Units Identified in Statute

There is a list of 10 positions and units specified in statute as included within MDA:

- the Maryland Agricultural Fair Board;
- the Chief of Weights and Measures;
- the State Chemist;
- the State Veterinarian;
- the State Board of Veterinary Medical Examiners;
- the State Soil Conservation Committee;

- the Maryland Agricultural Commission;
- the Maryland Horse Industry Board;
- the Maryland Winery and Grape Growers' Advisory Board; and
- the Seafood Marketing Advisory Commission.

The State Chemist, the State Veterinarian, and the Chief of Weights and Measures are appointed by the Secretary of Agriculture. MDA also includes any other position or unit which is declared within the department pursuant to law.

Maryland Agricultural and Resource-Based Industry Development Corporation

The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) – a body politic and corporate, and instrumentality of the State, established under Chapter 467 of 2004 – helps Maryland's farm, forestry, seafood, and related rural business achieve profitability and sustainability. MARBIDCO has various purposes established in statute, including (1) assisting the viability of the State's diverse agricultural industry through technical and other assistance to support, create, and sustain agricultural businesses throughout the State and (2) facilitating and supporting access to high quality technical resources for agricultural entrepreneurs.

State Expenditures: General fund expenditures increase by \$81,473 in fiscal 2024, which accounts for the bill's October 1, 2023 effective date. This estimate reflects the cost of hiring one administrator to serve as the State Specialist for Value-Added Agriculture and, among other things, implement the recommendations of the Task Force to Study the Feasibility of Return to State Meat Process Inspection. MDA indicates that it does not have an existing position that is able to fulfill this role. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

| | |
|---|-----------------|
| Position | 1.0 |
| Salary and Fringe Benefits | \$74,064 |
| Operating Expenses | <u>7,409</u> |
| Total FY 2024 State Expenditures | \$81,473 |

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Small Business Effect: The bill is expected to have a meaningful impact on small businesses. MDA indicates that the bill will help farmers to increase the monetary value of their raw agricultural products.

According to a [February 2020 economic analysis](#) of value-added agriculture in the State, citing data from the Business Economic and Community Outreach Network of Salisbury University, Maryland's value-added agriculture industry supports close to 74,000 jobs and brings a total economic impact of more than \$20.6 billion annually to the State's economy.

Additional Comments: In the [2022 Joint Chairmen's Report](#) (p. 87), the budget committees expressed intent that MDA establish and lead a task force to study the feasibility of returning to State meat processing inspection and related topics. The task force submitted a [report](#) in December 2022 in which it indicated its view that there is no benefit in returning to a State meat inspection program; instead, the task force suggested the need for a State assistance program or the establishment of an ombudsman at MDA to assist new and existing meat and poultry harvest and processing businesses in navigating the regulatory process at the local, State, and federal levels, which could include, but not be limited to, understanding local zoning, permitting for water and wastewater, and writing food safety and standard operating procedures. MDA indicates that after the report was submitted, interested parties concluded that the ombudsman's assistance should be expanded to all value-added agriculture businesses.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 389 (Delegate T. Morgan, *et al.*) - Environment and Transportation.

Information Source(s): Maryland Department of Agriculture; Department of Budget and Management; Grow & Fortify; Department of Legislative Services

Fiscal Note History: First Reader - January 24, 2023
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