

**Department of Legislative Services**  
 Maryland General Assembly  
 2025 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 473 (Senators West and Hester)  
 Education, Energy, and the Environment and  
 Budget and Taxation

**Agriculture - Maryland Food and Agricultural Resiliency Mechanism Grant  
 Program - Expansion**

This bill expands the purpose of the Maryland Food and Agricultural Resiliency Mechanism Grant Program (MD FARM) administered by the Maryland Department of Agriculture (MDA) to include support for “qualified suppliers.” It also establishes the Maryland Food and Agricultural Resiliency Operating Fund, a new special fund administered by MDA, to provide grants to qualified suppliers for operational costs associated with supplying agricultural food products to the State’s food banks and charitable emergency food providers. For fiscal 2027 and each fiscal year thereafter, the Governor must include in the annual budget bill an appropriation of \$1.0 million to the operating fund. **The bill takes effect July 1, 2025.**

**Fiscal Summary**

**State Effect:** No effect in FY 2026. General fund expenditures increase by approximately \$1.1 million annually beginning in FY 2027 due to the mandated appropriation and administrative costs. Special fund revenues and expenditures increase by \$1.0 million annually beginning in FY 2027, reflecting receipt of the mandated appropriation and spending on grant awards. **This bill establishes a mandated appropriation beginning in FY 2027.**

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
GF Expenditure	\$0	\$1,093,500	\$1,090,800	\$1,094,900	\$1,098,900
SF Expenditure	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Net Effect	\$0	(\$1,093,500)	(\$1,090,800)	(\$1,094,900)	(\$1,098,900)

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

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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## **Analysis**

**Bill Summary:** “Qualified supplier” means a business entity or nonprofit organization that operates a farm or community garden in the State that (1) operates on at least 100 acres; (2) grows at least 1.0 million pounds of produce annually; and (3) donates at least 25% of its annual harvest to the State’s food banks and charitable emergency food providers at no cost.

The Maryland Food and Agricultural Resiliency Operating Fund is a special, nonlapsing fund that consists of money appropriated in the State budget to the operating fund and any other money from any other source accepted for the benefit of the operating fund. The fund must be used to provide grants to qualified suppliers for operational costs associated with supplying agricultural food products to the State’s food banks and charitable emergency food providers.

**Current Law:** Chapter 480 of 2022 established MD FARM, administered by MDA, to build food system resiliency by leveraging Maryland agricultural products and services to support the State’s food banks and charitable emergency food providers to alleviate food insecurity.

Chapter 480 also established the MD FARM Fund, a special fund administered by MDA, which consists of money appropriated in the State budget to the fund and any other money from any other source accepted for the benefit of the fund. The Governor must include \$200,000 in the annual budget bill for the MD FARM Fund. The fund must be used to provide grants to food banks and charitable emergency food providers for (1) the procurement of surplus, seasonal, or contractual agricultural food products; (2) the processing and preparation of agricultural food products for distribution; and (3) the transportation of agricultural food products. A food bank or charitable emergency food provider may use grant money only for food products and services sourced from the State.

### **State Fiscal Effect:**

#### *Mandated Funding*

General fund expenditures increase by \$1.0 million annually beginning in fiscal 2027 due to the bill’s mandated appropriation to the Maryland Food and Agricultural Resiliency Operating Fund. Special fund revenues and expenditures increase correspondingly, reflecting receipt of the mandated appropriation and spending from the operating fund as grants are made to qualified suppliers.

### *Administrative Costs*

Because a significant number of entities are anticipated to fall under the bill’s definition of qualified supplier, MDA advises that existing staff cannot absorb the additional workload relating to administering the new special fund (*i.e.*, reviewing grant requests and making grant awards). As the bill does not explicitly authorize the use of the fund to cover administrative costs, this analysis assumes that additional general fund expenditures – beyond the mandated appropriation to the fund discussed above – are necessary to cover MDA’s administrative costs. As a result, general fund administrative expenditures increase by \$93,465 in fiscal 2027. This estimate reflects the cost of hiring one agricultural specialist to administer the fund (at the start of fiscal 2027, consistent with the timing of the mandated funding). It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$85,809
Operating Expenses	<u>7,656</u>
<b>Total FY 2027 Admin. Expenditures</b>	<b>\$93,465</b>

Future year administrative expenditures reflect salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

**Small Business Effect:** To the extent that any small businesses fall under the bill’s definition of qualified supplier, they benefit from being eligible for grants from the Maryland Food and Agricultural Resiliency Operating Fund for operational costs associated with supplying agricultural food products to the State’s food banks and charitable emergency food providers.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See SB 311 of 2024.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - February 14, 2025  
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