

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 599 (Senator Hester)

Education, Energy, and the Environment and
Budget and Taxation

**On-Farm Organics and Wasted Food Reduction and Diversion Grant Programs -
Established**

This bill establishes, beginning July 1, 2028, (1) a Wasted Food Reduction and Diversion Grant Program and a County Wasted Food Reduction Block Grant Program, both administered by the Maryland Department of the Environment (MDE), in consultation with the Maryland Department of Agriculture (MDA), and (2) an On-Farm Organics Diversion and Recycling Grant Program, administered by MDA, in consultation with MDE. MDE and MDA must identify and apply for sources of funding for the grant programs.

Fiscal Summary

State Effect: No impact assumed in FY 2027. *Under one set of assumptions*, general fund expenditures increase by \$297,400 in FY 2028 for administrative costs; future years reflect ongoing administrative costs and grant awards. Although not reflected in the table below, to the extent other (non-State) sources of funding for the grant programs are secured, State revenues increase and the need for general funds to support the programs decreases. State entities may also be grant recipients, as discussed below.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	297,400	3,295,700	3,300,600	3,312,600
Net Effect	\$0	(\$297,400)	(\$3,295,700)	(\$3,300,600)	(\$3,312,600)

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

Local Effect: County grant revenues and expenditures increase beginning in FY 2029. Other local entities may also be affected beginning as early as FY 2029, as discussed below.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

On-Farm Organics Diversion and Recycling Grant Program

The bill establishes, beginning July 1, 2028, the On-Farm Organics Diversion and Recycling Grant Program within MDA. The stated purpose of the program is to award grants annually for developing and implementing on-farm organics recycling and compost use, wasted food prevention, and food rescue. MDA, in consultation with MDE, must administer the grant program and identify and apply for funding for the grant program.

Eligible grant recipients are as follows: (1) a farmer, an urban farmer, or an urban agricultural producer; (2) a soil conservation district; (3) an institution of higher education; (4) a nonprofit organization; (5) a business in the State that is in good standing with the State Department of Assessments and Taxation (SDAT) and is in partnership with a farmer, an urban farmer, or an urban agricultural producer; and (5) a consortium of any of those entities. An eligible person that receives a grant under this program may not receive a grant under the Wasted Food Reduction and Diversion Grant Program in the same calendar year.

A project is eligible for a grant under the program if the project develops, maintains, or expands infrastructure, collection programs, education, or technical assistance in the State that (1) reduces the amount of wasted food generated; (2) rescues edible food for purposes of redistribution; (3) recovers wasted food as animal feed, as specified; (4) composts or recycles food residuals that are separated from packaging prior to collection, including at-home, community, and on-farm composting; (5) provides labor and wages in support of wasted food prevention, food rescue, and on-farm organics recycling and compost use; (6) provides best management practice training in relevant fields, as specified; (7) studies the impacts of compost application on on-farm nutrient and water quality management; or (8) assists in the payment of applicable permit application costs.

In awarding grants under the program, MDA must, in consultation with MDE, prioritize projects that meet specified criteria.

Wasted Food Reduction and Diversion Grant Program

The bill establishes, beginning July 1, 2028, the Wasted Food Reduction and Diversion Grant Program within MDE. The stated purpose of the program is to award grants annually for infrastructure, programs, and education that reduce, rescue, and divert wasted food in the State. MDE, in consultation with MDA, must administer the grant program and identify and apply for funding for the grant program.

Eligible grant recipients are as follows: (1) a unit of State or local government; (2) a local education agency; (3) an institution of higher education; (4) a nonprofit organization; (5) a farmer, an urban farmer, or an urban agricultural producer; (6) a business in the State that is in good standing with SDAT; and (7) a consortium of any one of those entities. An eligible person that receives a grant under this program may not receive a grant under the On-Farm Organics Diversion and Recycling Grant Program in the same calendar year.

A project is eligible for a grant under the program if the project develops, maintains, or expands infrastructure, collection programs, education, or technical assistance in the State that (1) reduces the amount of wasted food generated; (2) rescues edible food for purposes of redistribution; (3) recovers wasted food as animal feed, as specified; (4) composts or recycles food residuals that are separated from packaging prior to collection, including at-home, community, and on-farm composting; or (5) transitions from single-use food serviceware to durable and reusable food serviceware.

In awarding grants under the program, MDE must, in consultation with MDA, prioritize projects that meet specified criteria.

MDE, in consultation with MDA, must adopt regulations to implement the grant program. The regulations must include a simple common application procedure and a process to facilitate the participation of eligible entities that have limited resources or language barriers.

Reporting Requirements

By December 31, 2028, and by each December 31 thereafter, MDA and MDE must report to the General Assembly on the On-Farm Organics Diversion and Recycling Grant Program and the Wasted Food Reduction and Diversion Grant Program. The reports must include specified information.

County Wasted Food Reduction Block Grant Program

The bill establishes, beginning July 1, 2028, a County Wasted Food Reduction Block Grant Program within MDE. The stated purpose of the program is to award grants to counties annually in amounts proportional to each county's population. Funds received by a county must fund projects to develop, maintain, or expand infrastructure, programs, and education that reduce, rescue, and divert wasted food in the county. MDE, in consultation with MDA, must administer the grant program and identify and apply for funding for the grant program.

In funding projects under the grant program, a county must prioritize projects that meet specified criteria.

Current Law:

Solid Waste Infrastructure and Recycling in the State, Generally

The solid waste infrastructure in Maryland consists of both permitted and nonpermitted facilities, and solid waste is managed through a combination of recycling, composting, landfilling, incineration, storage, and exporting for disposal or recycling.

Maryland's recycling policy is guided by the Maryland Recycling Act (MRA), which sets mandatory recycling rates for State government and local jurisdictions, as well as a voluntary statewide waste diversion goal of 60% and a voluntary statewide recycling goal of 55% by 2020. Each county (including Baltimore City) must recycle at least 20% or 35% of the county's solid waste stream, depending on the county's population. Each county (including Baltimore City) must also prepare a recycling plan that addresses how the jurisdiction will achieve its mandatory recycling rate.

The Office of Recycling

MDE's Office of Recycling, among other things, reviews county recycling plans and coordinates the efforts of the State to facilitate the implementation of the recycling goals at the county level. Counties are required to periodically report solid waste and recycling data to the department.

MDE submits a combined annual report to the Governor and the General Assembly that meets two statutory reporting requirements relating to solid waste management and recycling/waste diversion in the State. ([*Maryland Solid Waste Management and Diversion Report*](#)).

Chapter 465 of 2023 required the office to hire an independent consultant to conduct a statewide recycling needs assessment and report the results of the assessment to the Governor and the General Assembly by July 30, 2024. The [statewide recycling needs assessment](#) was submitted in February 2025. Chapter 431 of 2025 requires that a statewide recycling needs assessment be conducted again in 2034 and at least once every 10 years thereafter.

Composting in Maryland

Chapter 686 of 2013 required MDE to adopt regulations governing the permitting and operation of composting facilities. MDE promulgated the required regulations in 2014 by establishing Chapter 11 under COMAR 26.04, which specifies requirements related to the construction and operation of composting facilities in the State. Pursuant to Chapters 520 SB 599/ Page 4

and 521 of 2023, MDE must exempt specified operators of on-farm composting facilities from permitting requirements under COMAR 26.04.11.06. MDE has also established a general composting facility permit. By December 1, 2028, MDE is required to submit a report to the General Assembly that analyzes the impact of on-farm composting facilities in Maryland and provides specified information.

Food Waste Diversion

Chapters 439 and 440 of 2021 require certain generators of large quantities of food residuals to separate the food residuals from other solid waste and ensure that the food residuals are diverted from final disposal in a refuse disposal system. The implementation timeline for this requirement was staggered, based on weekly tonnages of food residuals, and began January 1, 2023. MDE promulgated implementing regulations in 2022 by establishing Chapter 13 under COMAR 26.04, which specifies requirements related to the diversion of food residuals from final disposal in a refuse disposal system.

State Fiscal Effect:

Funding for the Grant Programs and Related Administrative Costs

Although the bill requires MDE and MDA to identify and apply for funding for the grant programs, in the absence of an identified funding source for the programs, this analysis assumes that general funds are needed. To the extent the agencies are successful in identifying, applying for, and receiving funding from other (non-State) sources (such as federal funds), State revenues increase correspondingly and the need for general funds to support the programs decreases. Because it is unclear what other sources of funding may be available to support the grant programs, any such funding is not reflected in this analysis.

Because the grant programs do not begin until July 1, 2028, this analysis assumes there is no fiscal impact in fiscal 2027. Accordingly, general fund expenditures increase by an estimated \$297,364 in fiscal 2028 for MDE and MDA to begin to design and establish the grant programs. Beginning in fiscal 2029, general fund expenditures increase by at least \$3,295,676 annually, reflecting ongoing administrative costs and grant awards. These effects are described in more detail below by agency.

Maryland Department of the Environment: MDE general fund expenditures increase by \$89,822 in fiscal 2028 and by at least \$2,174,205 annually thereafter. This estimate reflects the cost of hiring one natural resource planner (at the start of fiscal 2028) and one regulatory compliance engineer (at the start of fiscal 2029) to (1) develop regulations and establish and administer the Wasted Food Reduction and Diversion Grant Program and the County Wasted Food Reduction Block Grant Program; (2) review grant applications, issue grants, and oversee grant awards; and (3) develop training and marketing materials. It

includes salaries, fringe benefits, one-time start-up costs, ongoing operating expenses, and, beginning in fiscal 2029, grant awards. This estimate is based on the following assumptions and information:

- the natural resource planner is hired on July 1, 2027, one year in advance of the date the grant programs begin, in order to begin establishing the programs; and
- for the grant programs to be viable, an estimated \$2.0 million in grant awards – \$1.0 million for each of the grant programs – must be made each year (beginning in fiscal 2029).

	<u>FY 2028</u>	<u>FY 2029</u>
Positions (New)	1.0	1.0
Salaries and Fringe Benefits (Total)	\$79,387	\$160,938
Grant Awards	0	2,000,000
Other Operating Expenses	<u>10,435</u>	<u>13,267</u>
Total MDE Expenditures	\$89,822	\$2,174,205

Future year expenditures reflect salaries with annual increases and employee turnover, annual increases in ongoing operating expenses, and ongoing grant awards of \$2.0 million annually (\$1.0 million for each of the two MDE grant programs).

Maryland Department of Agriculture: MDA general fund expenditures increase by \$207,542 in fiscal 2028 and by at least \$1,121,471 annually thereafter. This estimate reflects the cost of hiring one administrator (at the start of fiscal 2028) to develop and implement the On-Farm Organics Diversion and Recycling Grant Program. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate also includes grant management software (\$100,000 in fiscal 2028 and \$25,000 annually thereafter) and grant awards beginning in fiscal 2029. This estimate is based on the following assumptions and information:

- the administrator is hired on July 1, 2027, one year in advance of the date the grant program begins, in order to begin establishing the program; and
- for the grant program to be viable, an estimated \$1.0 million in grant awards must be made each year (beginning in fiscal 2029).

	<u>FY 2028</u>	<u>FY 2029</u>
Position	1.0	0
Salary and Fringe Benefits	\$97,707	\$93,666
Grant Awards	0	1,000,000
Grant Management Software	100,000	25,000
Other Operating Expenses	<u>9,835</u>	<u>2,805</u>
Total MDA Expenditures	\$207,542	\$1,121,471

Future year expenditures reflect (1) a full salary with annual increases and employee turnover; (2) annual increases in ongoing operating expenses; (3) \$25,000 annually for grant management software; and (4) ongoing grant awards of \$1.0 million annually.

State Entities as Eligible Grant Recipients

To the extent that a unit of State government or a State institution of higher education receives grant funding from one of the new grant programs established under the bill, grant revenues and expenditures for any such entity increase correspondingly beginning as early as fiscal 2029.

Local Fiscal Effect: To the extent that local governments, local education agencies, schools, soil conservation districts, or other local entities receive grant funding from the Wasted Food Reduction and Diversion Fund or the On-Farm Organics Diversion and Recycling Grant Program, local grant revenues and expenditures increase correspondingly beginning as early as fiscal 2029.

County revenues and expenditures increase beginning in fiscal 2029 due to the establishment of the County Wasted Food Reduction Block Grant Program. With respect to similar legislation introduced in a prior session, MDE noted that depending on the amount of grant funding a county receives and how the county uses that grant funding, the bill may help counties to meet their mandated MRA rates.

Small Business Effect: Grant revenues and expenditures for small businesses that are eligible for and receive grants under the bill increase beginning in fiscal 2029. For example, farmers benefit from additional funding to support the adoption of on-farm composting and the sale of composted material. Small businesses that provide the type of services, supplies, or functions that are eligible for grant funding under the bill may see an increase in the demand for their services.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 134 and HB 42 of 2025; and HB 1318 of 2024.

Designated Cross File: HB 429 (Delegate Boyce, *et al.*) - Environment and Transportation.

Information Source(s): Department of Commerce; Maryland Environmental Service; Anne Arundel, Baltimore, Cecil, Frederick, and Montgomery counties; Northeast Maryland Waste Disposal Authority; Maryland State Department of Education; Baltimore

City Community College; University System of Maryland; Morgan State University; Maryland Department of Agriculture; Maryland Department of the Environment; Maryland Department of Labor; Maryland Food Center Authority; Baltimore City Public Schools; Prince George's County Public Schools; Department of Legislative Services

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