

Armistead_FAV_SB979

Uploaded by: ATTICKS, KEVIN

Position: FAV



SUPPORT

Budget & Tax Committee
11 Bladen St.
Annapolis, MD 21401

Dear Mr. Chair, Mr. Vice Chair and Members of the Committee—

As a farmer and value-added producer in Frederick County, Maryland, I urge you to support SB979.

Here at The Sweet Farm in Woodsboro, MD, we run two value-added enterprises: raising pastured hogs, and making naturally-fermented, non-alcoholic ginger beer. As we continue to increase the number of hogs we raise, we are looking at investing in a walk-in freezer to store meat. We are a relatively small hog producer, and do not have a lot of capital available for a purchase like this. If we knew that we would see a quicker ROI because of a tax credit, it would significantly improve our purchasing power.

Our ginger beer enterprise has benefited greatly from NRCS Grants in recent years. They have enabled us to move forward more quickly with high-tunnels to grow ginger and irrigation for our fruit orchard, than we ever could on our own. Now comes the larger fermentation tanks, the bottling line, the labeler... Tax credits on these investments would, in many ways, be akin to those grants, allowing us to more quickly see a return on our investment and reinvest in the growth of our business.

Whether it's a canning line for a farm brewery, a curing room for an on-farm butcher, or a steam kettle for a jam maker, value-added processing equipment can be specialized and expensive. A tax credit on these kinds of equipment purchases would allow farmers to recoup their investments more quickly, allowing them to grow and invest even more in their own success. More small farms and businesses having more success ultimately contributes to more success for the state. It's a win-win!

Thank you for your consideration, and for your support of such an important and beneficial bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Rachel Armistead", with a stylized flourish at the end.

Rachel Armistead, Co-Founder
The Sweet Farm
11301 Renner Road
Woodsboro, MD 21798

Atticks_FAV_SB979

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Position: FAV



Bill #	SB979
Position	SUPPORT

March 4, 2020

Budget & Tax Committee
11 Bladen St.
Annapolis, MD 21401

Dear Mr. Chair, Mr. Vice Chair and Members of the Committee—

I write on behalf of the four associations value-added agricultural organizations we represent to urge your support of SB979.

This type of tax credit on equipment purchases would have an incredible impact on the value-added agricultural businesses, who rely on specialized equipment to craft their innovative—and, sometimes, farm-preserving—products.

The impact to small businesses is enormous, and the revenue generation to the state is exponentially greater than its investment in this program, as value-added products yield incredibly greater tax revenue than traditional farm products.

In a study recently released by Grow & Fortify, value-added agriculture was shown to contribute \$875 million annually to the state's economy.

We urge your favorable consideration.

Sincerely,

Kevin Atticks, DCD
*Maryland Wineries Association, Brewers Association of Maryland
Maryland Distillers Guild, Maryland Hemp Coalition*

*Cultivating an environment where value-added agricultural producers,
startups, operators and growers innovate and thrive.*

Atticks_FAV_SB979

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Position: FAV



March 4, 2020

To: Senate Budget & Taxation Committee

From: MidAtlantic Farm Credit

Bill: **SB 979 – Income Tax Credit – Value-Added Processing Expenses**

Position: **SUPPORT**

MidAtlantic Farm Credit is a member-owned cooperative supporting rural communities and agriculture with reliable, consistent credit and financial services in good times and bad. Headquartered in Westminster, MD, we are one of the largest agricultural lenders on the East Coast with almost \$2.9 billion dollars in loans outstanding to over 11,500 member-owners representing the full range of agriculture throughout our five-state territory.

This bill would create a credit against the state's income tax for up to 25% of qualified capital expenses made in connection with value-added processing, so long as those expenses exceed \$10,000. The amount of credits awarded annually is capped at \$1 million.

Maryland farmers continue to diversify their operations and many times that includes not only expanding the number of crops they produce, but further processing those crops in order to add value and capture more of the consumer dollar. The capital expenses involved with such endeavors – commercial kitchens, cold storage, processing lines, and more – can be a barrier to entry for many, especially young and beginning farmers. This bill will help reduce those hurdles and make it more feasible for existing farmers to diversify their operations, the next generation to come back to the family farm, and for second-career farmers to break into the industry.

In an effort to ensure Maryland's farmers have another tool in the toolbox to diversify their operations, offer more Maryland-made products to consumers, and enhance rural economies across the state, MidAtlantic Farm Credit **SUPPORTS SB 979** and urges a **Favorable Report**.

A handwritten signature in blue ink that reads "Kurt Fuchs".

KURT H. FUCHS
SVP, Government Affairs

For more information, please contact Kurt Fuchs at 443-786-0855 or kfuchs@mafc.com.

HISTON_FAV_SB979

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Position: FAV



SHEPHERDS MANOR CREAMERY
1126 Slingluff Road
New Windsor, Maryland 21776

SUPPORT

My name is Michael Histon and with my wife we own the first and only Sheep Dairy in the state of Maryland producing raw and pasteurized sheep's milk cheeses. Our business has benefitted greatly by programs and grants provided through the State, our local county, Marbidco, and Grow and Fortify. Growing and sustaining our future has and will continue to be made possible by funds and loans which come from these organizations.

I write on behalf of the four associations value-added agricultural organizations we represent to urge your support of SB979.

This type of tax credit on equipment purchases would have an incredible impact on the value-added agricultural businesses, who rely on specialized equipment to craft their innovated, and sometimes, farm-preserving products.

The impact to small businesses is enormous, and the revenue generation to the state is exponentially greater than its investment in this program, as value-added products yield incredibly greater tax revenue than traditional farm products.

In a study recently released by Grow & Fortify, value-added agriculture was shown to contribute \$875 million annually to the state's economy.

We urge your favorable consideration.

Sincerely,

A handwritten signature in cursive script that reads "Michael E. Histon".

Michael E. Histon

SB 979 FAV 3.4.2020

Uploaded by: Clevenger, Amanda

Position: FAV



John Hartline, Chair

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Charlotte Davis, Executive Director

POSITION STATEMENT

Senate Bill 979 - Income Tax Credit- Value-Added Processing Expenses
Budget and Taxation Committee
March 4, 2020

The Rural Maryland Council **SUPPORTS** Senate Bill 979 – Income Tax Credit – Value-Added Processing Expenses. This bill provides a tax credit for 25% of qualified capital expenses made in connection with value-added processing conducted in the State. The credit can only be taken if expenses incurred exceed by \$10,000. The Department of Commerce is required to administer the tax credit and may award a maximum of \$1.0 million in credits annually. A qualified capital expense is defined as all expenditures made by the taxpayer for the purchase or installation of equipment for use in value-added processing.

Value-added processing is a process that transforms a raw agricultural, silvicultural, or aquacultural product into a new product. Think milk to cheese, butter, yogurt and ice cream or fruit to jam. Direct marketing and value-added products are two of the best strategy's farmers can employ to improve net profitability. These types of products can open new markets, enhance the public's appreciation for the farm, extend the marketing season, and create jobs.

For every dollar American consumers spend on food, U.S. farmers and ranchers earn just 14.6 cents from the sales of their raw food commodities, according to a report recently released by the U.S. Department of Agriculture Economic Research Service- <https://www.ers.usda.gov/data-products/food-dollar-series/>. This value marks a 17 % decline since 2011 and the smallest portion of the American food dollar that farmers have received since the USDA began reporting this data in 1993. The remaining 85.4 cents goes to the food supply chain industries in all post-farm activities that culminate in final market food dollars.

Why such a decline? One of the main reasons is food-away-from-home spending by consumers, which includes buying more of "ready-to-eat" or "ready-to-cook" food while farmers generally produce and market raw agricultural commodities. Value-added processing offers farmers the potential to capture a larger share of the food dollar by expanding their product and SB 979 will provide the tax credit incentive to help them do it.

The Council respectfully requests your favorable support of SB 979.

The Rural Maryland Council (RMC) brings together citizens, community-based organizations, federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to collectively address the needs of Rural Maryland communities. We provide a venue for members of agriculture and natural resource-based industries, health care facilities, educational institutions, economic and community development organizations, for-profit and nonprofit corporations, and government agencies to cross traditional boundaries, share information, and address in a more holistic way the special needs and opportunities in Rural Maryland.

“A Collective Voice for Rural Maryland”

MFB_FAV_SB979

Uploaded by: FERGUSON, COLBY

Position: FAV



Maryland Farm Bureau, Inc.

3358 Davidsonville Road • Davidsonville, MD 21035 • (410) 922-3426

March 4, 2020

To: Senate Budget & Taxation Committee

From: Maryland Farm Bureau, Inc.

Re: Support of SB 979 - Income Tax Credit - Value-Added Processing Expenses

On behalf of our member families, I submit this written testimony in support of SB 979, legislation that adds the ability for individuals to claim a tax credit for qualified capital expenses used for value-added processing in an amount equal to 25% and capping the amount of credits to be used in any year by the Department of Commerce at \$1,000,000.

Helping farmers add more value to their crops will help keep them profitable in Maryland. The initial cost to further value-add to a farmer's crops is very steep. This bill uses a tax credit to offset those steep costs. Helping the next generation to get into farming will continue to strengthen the future of agriculture in Maryland.

MARYLAND FARM BUREAU SUPPORTS SB 979 AND ENCOURAGES A FAVORABLE REPORT.

A handwritten signature in black ink, appearing to read 'Colby Ferguson'.

Colby Ferguson
Director of Government Relations

For more information contact Colby Ferguson at (240) 578-0396

MDGA_Senator Hester_FAV_SB979

Uploaded by: Senator Hester, Senator Hester

Position: FAV

KATIE FRY HESTER
Legislative District 9
Carroll and Howard Counties

Education, Health, and
Environmental Affairs Committee

Chair, Joint Committee on
Cybersecurity, Information Technology
and Biotechnology



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

March 4th, 2020

Testimony in Support of SB979 - Income Tax Credit - Value-Added Processing Expenses

Chairman Guzzone, Vice chair Rosapepe, members of the Budget and Taxation Committee:

Thank you for your consideration of SB979. This bill would create a State income tax credit for 25% of qualified capital expenditures connected to value-added processing for agricultural, silvicultural, and aquacultural products in the State of Maryland. This would apply to equipment for turning milk into cheese, barley into beer, and berries into jam. The individual or corporation claiming this tax credit would have to make a minimum of \$10,000 in aggregate investment, and the total amount of tax credits to be awarded by the state would be capped at \$1,000,000 annually.

You have probably heard me say this before, but Maryland agriculture is one of the most efficient sectors of our economy in terms of multiplier effects. Every \$1 of economic output generated from the agricultural sector results in an additional 45 cents of economic output in secondary industries - including value-added processing. According to a study conducted by BEACON at Salisbury University, Maryland's value-added agriculture industry supports close to 74,000 jobs, results in \$20.6 billion of annual economic impact, and brings in \$875 million in terms of the State's fiscal resources. These are measures that show a productive role for value-added processing in the State economy today, but the opportunity becomes abundantly clear when the industry is compared with regional competitors. Value-added activities in neighboring Pennsylvania, for example, generate almost \$23 million annually in direct economic impact alone, with total economic output estimated to be \$52 million - more than double the output of our value-added processing industry.

Changes in consumer habits, including increased demand for local, organic products; agritourism experiences; and transparency surrounding food processing and production activities have positioned the value-added processing industry for success in the near future. Maryland's

Cottage Food Law and regulations are even well crafted to allow for small farmers to participate, and generate locally processed value-added products. However, the equipment necessary for value-added processing can be incredibly expensive, occasionally stretching into cost prohibitive territory. By providing businesses and farmers with the proper investment and assistance in overcoming this first hurdle, we can support this growing industry, bring jobs to our State, and provide a reliable local source of demand for Maryland farmers. **I respectfully request a favorable report for SB979.**

Sincerely,

A handwritten signature in black ink that reads "Katie Fry Hester". The signature is written in a cursive, flowing style.

Senator Katie Fry Hester
Howard and Carroll Counties