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**.

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