

CROSSOVER HB 584 - Maryland Food Bank - FAV.pdf

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HB 584

Income Tax Credit – Food Donations by Qualified Farms – Extension (Farmers Feeding Families Act) Senate Budget and Taxation Committee March 29, 2023

SUPPORT

House Bill 584, as amended, increases the tax credit to 100% of the value of the donation of the produce (with no designation between organic or conventional) and removes the sunset of the credit.

The Maryland Food Bank would not be able to feed the 1 in 3 Marylanders who are at risk of food insecurity without a strong local food system, and the foundation of our food system is the farms and farmers located throughout the state. Local farms and our relationship with farmers are extremely valuable (and have been particularly since the start of our Farm to Food Bank Program in 2010) and necessary to ensure that food-insecure Marylanders and their families are able to regularly access nutritious produce and other agricultural products such as meat and dairy. Through our Farm to Food Bank Program, we contract grow with, glean from, and accept donations from local farms whose products go directly into food insecure communities through our network of 320 partner organizations and 1,200 distribution sites all across the state. In FY 22, we received over 2.5 million pounds of fresh produce from the 53 Maryland farms with whom we partnered.

The Maryland Food Bank is very supportive of efforts to not only bolster local farms and farmers but increase donations of fresh produce and local crops for food-insecure Marylanders, particularly at a time when donations to food banks have significantly declined yet the need for food assistance remains at historic highs from the COVID-19 pandemic, inflation, and the rising costs of basic household goods and necessities. Providing farmers additional incentive to help feed hungry Marylanders and their families through the utilization of this tax credit is beneficial for all involved, particularly the food-insecure communities which might lack the resources to regularly offer such nutritious options to their neighbors.

The tax credit will help Maryland farmers off-set their costs that include, but are not limited to, increased hourly wages for labor and increased input costs (for seed, fertilizer, fuel, and supplies). It may also encourage farmers to donate produce in a timely fashion, realizing that they can get a credit for 100% of the value. The proposed amended tax credit will hopefully result in an increase of the amount of farm-fresh donations received at the Maryland Food Bank, especially now as the increase in costs due to inflation has affected our ability to procure food.

Agriculture, in addition to being the number one industry in Maryland, is the backbone of our food insecurity efforts, as there is no food without our farmers. The Maryland Food Bank remains supportive of legislation that supports our farmers. We appreciate your consideration and respectfully request a favorable report on HB 584.

Support of HB 584 - Income Tax Credit - Food Donat

Uploaded by: Colby Ferguson

Position: FAV



Maryland Farm Bureau, Inc.

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

March 29, 2023

To: Senate Budget & Taxation Committee

From: Maryland Farm Bureau, Inc.

Re: **Support of HB 584 - Income Tax Credit - Food Donations by Qualified Farms - Extension (Farmers Feeding Families Act)**

On behalf of our Farm Bureau member families in Maryland, I submit this written testimony in support of HB 584. As amended, this bill makes permanent the tax credit against the State income tax for fresh farm and organic fresh farm food donations by farmers in Maryland. It alters the amounts of the tax credit from 75% to 100% of the value of the donated certified organic produce and from 50% to 100% of the value of the donated conventionally grown produce a qualified farm is eligible to receive. The total tax credit per farm is \$5,000 per year. This statewide program allows a farmer to get a tax credit on the produce they donate to a food bank. This tax credit helps offset the cost of production.

This program was expanded to a statewide program in 2019 which allowed more farmers to participate. During COVID, farmers were able to use this valuable tool to help offset the cost of growing the food that they were donating to so many that needed food. Maryland farmers work hard to provide for us, and we should help them when they do that for free.

MARYLAND FARM BUREAU SUPPORTS HB 584 & REQUESTS 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

HB0584_Favorable_MannaFoodCenter.pdf

Uploaded by: Jackie DeCarlo

Position: FAV



March 28, 2023

BILL: HB0584: Income Tax Credit - Food Donations by Qualified Farms - Extension (Farmers Feeding Families Act)

COMMITTEE: Budget and Taxation

POSITION: Favorable

Dear Chair Guzzone and members of the Senate Budget and Taxation Committee:

Manna Food Center urges you to **SUPPORT HB0584** to increase and strengthen the tax credit extended to farmers/farms for food donations.

Manna Food Center is the central food assistance provider for Montgomery County. For over 40 years, we've been working toward our vision of food security for all; the realization of this vision depends on the existence of robust, local food production and strong support of our Maryland farmers. We've been advocates for and administrators of the state's farmer tax credit since its inception and are eager to lend our support for HB0584 Income Tax Credit - Food Donations by Qualified Farms - Extension (Farmers Feeding Families Act).

Last year, Manna shared food with 37,714 Maryland, specifically Montgomery County, residents experiencing food insecurity. In addition to receiving donated food from groceries and purchasing food, we are grateful to receive food from local farmer. Since 2018, 12 farms have donated 16,476 lbs. of produce, meat, and eggs to Manna. The families who rely on food support from Manna truly appreciate the access to fresh, nutritious ingredients that this program affords. We are thrilled that local farmers are encouraged to donate to our organization because of the tax credit program. At the same time, we know from our farm partners that there are challenges to taking advantage of this valuable credit.

This legislation takes important steps to maintain and further enable food donations from local farmers. By extending the tax credit, the Food Donation program will continue to be a great support to individuals in need of food assistance in Maryland. Amending the legislation to remove the sunset provision is essential to making this a program that farmers can rely on. In such an unpredictable market environment, the sustainability of programs like this is critical.

Importantly, this legislation will also increase the tax credit to 100% regardless of growing methods, which will encourage more donations from local farmers. Amending the legislation to provide a credit worth 100% of the food's value for all donations is critical since many farms adhere to organic and/or other sustainable practices even if they have not gone through the process of becoming organic certified. We want the tax credit to be an incentive for ALL farmers to participate.

Even with these recent amendments to strengthen bill, there is an additional barrier to farmer participation that we recommend the legislation address. Unless participating farmers receive the appropriate tax documentation in a timely fashion, the other amendments lose much of their value. More than once the tax credit letters were



issued more than a year late, which prevented farmers from receiving the tax credit in the year they actually donated food. At least one of the farmers that made a donation in the last few years waited over 2 and a half years to receive his tax credit letter! Farmers are reluctant to file an amended tax return or use the tax credit in the future due to the delays in receiving the tax credit letter.

We've seen this reluctance show up in the amount of food donated; after an 82% increase in pounds of donated product from 2019 to 2020, the amount of donations plummeted from 2021 to 2022. We cannot help but think that farmers' negative experiences with the program in 2020 and 2021 contributed to this drop in participation. We highly encourage members of the General Assembly to work with the Comptroller's office and the Maryland Department of Agriculture to address these significant delays and to ensure that farmers receive their tax documentation in plenty of time to apply it to that year's tax return.

Manna Food Center strongly supports HB584 with the amendments outline above so that local farmers can depend on this enhanced support for their critical contributions and organizations like Manna can rely on this local supply of nutritious Maryland-grown food for residents with limited access.

Please direct any questions to Jenna Umbriac, MS, RD, Director of Programs at jenna@mannafood.org or 240268-2535.

HB 584 Senate testimony 2023.pdf

Uploaded by: Keith Ohlinger

Position: FAV

HB 584, Favorable.

Keith Ohlinger
Porch View Farm LLC
2790 Florence Road
Woodbine, MD 21797-7841

Dear Budget and Taxation Committee:

I am asking for your support of HB 584 as passed by the House of Delegates Ways and Means Committee.

History and Details of the Program.

The Maryland Food Donation Pilot Program ([SB 416](#)) was signed into law by Governor Larry Hogan in 2017. It allows farmers to donate eligible food in return for a tax credit against State income taxes.

The program was originally launched exclusively in Southern Maryland and Montgomery County, but was expanded statewide and would through 2021 following the passage of 2019 legislative session ([HB 403](#)). Maryland HB 752 and SB 539 in the 2021 Legislative Session further extended the program to 2023.

Maryland farmers who donate food to a charity that participates in the state's Food Donation Pilot Program are eligible for up to \$5,000 per year of tax credit. The Maryland Department of Agriculture manages the program in cooperation with the Comptroller and has authority to issue up to \$100,000 in tax credits annually. Eligible donations are defined as "fresh farm products for human consumption." Food donations are eligible for a tax credit of up to 50% of the value of the donation, not to exceed \$5,000 per calendar year. Certified organic produce donations are eligible for a tax credit of 75% of its value.

My Experiences with the program and how to fix it.

I am coming to you today as a farmer and private citizen. In the past, I have served as the Vice Chair of the Maryland Agricultural Commission, the Chair of the Maryland Farm Bureau Environmental Policy Committee, on the Howard County Farm Bureau Board of Directors, on the Howard Soil Conservation District Board of Supervisors, and I currently serve on the Future Harvest Board of Directors.

I became aware of this program during a seminar of the LEAD Maryland Class XI. Each of us was assigned a mentor from the Board of Directors of the LEAD Maryland Foundation. My mentor was Amy Cawley, Farm to Food Bank Coordinator of the Maryland Food Bank. Amy discussed this program with our class while touring their facility in November of 2019. I began the process to donate food to the Maryland Food Bank by the end of 2019, but due to problems with trucking we were unable to schedule a pickup. I have worked for many years with Jenna Umbriac of Manna Food Center in Montgomery County, and they were able to schedule a pickup in the last week of 2019. We did another donation one week later in the beginning of 2020.

Jenna and I filled out the appropriate paperwork and submitted it to the Maryland Department of Agriculture (MDA) as required by the program. They completed the documents they are required to

submit to the Comptroller's Office under program. It was then that I was shocked to find out that I would only receive 50% of the value of the donation. Nowhere on MDA's webpage for the program did it explain that the farmer would only receive 50%. I called to ask about the discrepancy and was told I should go read the legislation. Luckily, I know how to do that and sure enough it was true. It was too late to reconsider the donation; we just lost half the value of over \$10,000 of donated meat.

I was very upset by the loss and advised MDA that they should change their website information to highlight that fact, so other farmers are not misled under the program. It takes me about 2 ½ years of effort to raise a beef animal through polar vortices and sweltering summers with all the weather and trials in between. It makes no sense to punish a farmer for wanting to help folks who need food. We can't raise food for free, we must cover our costs. It only makes sense to make people who lack food a top priority. It also only makes sense to appropriately compensate the people who raise and donate the food. **That is why I recommend compensating the farmer 100% of the value of the donation, it is fair and makes sense.**

The bill requires MDA to continue to check the prices of the donation as before so someone could not scam the program by saying they charge \$5,000 for one pound of meat. MDA will check the USDA daily price rates and use other local resources to determine a value for the donation. There are many types of production methods beyond organic and non-organic. **This price change to 100% of the donation will account for differences in prices for the various production methods, so that is why I recommend the removal of the distinction between organic and other growing methods.**

Unfortunately, to add insult to injury, it took the Comptroller's Office 2 years, 6 months, and 15 days to get us our 2020 tax credit. I had to pay our accountant \$750 to repeatedly write letters and emails to the Comptroller's Office to have them apply the 2020 credit. Finally, Mark Powell from MDA was able to get the credit issued after his own repeated attempts with the Comptroller's Office. **I ask that the Committee require the credit be issued by the Comptroller's Office in a timely fashion. I believe that to be 30, 60 or 90 days, whatever you deem to be appropriate.** Waiting 2 years 6 months and 15 days for a credit is not appropriate, however.

I believe that with these changes the program will finally be able to fulfill its original goal of getting good local food into the hands of the people who need it most. These changes are supported by the very groups that work to help people in need and the program has shown bipartisan support by repeatedly being renewed. **I ask that the sunset provision be removed and allow this program to become a permanent program.** Thank you for the opportunity to testify before you today. Thank you for all you do, please stay safe and healthy out there!

Very Truly Yours,

Keith Ohlinger

MD Catholic Conference_FAV_HB0584.pdf

Uploaded by: MJ Kraska

Position: FAV



MARYLAND
CATHOLIC
CONFERENCE

March 29th, 2023

HB 584

Income Tax Credit - Food Donations by Qualified Farms - Extension (Farmers Feeding Families Act)

Senate Budget & Taxation Committee

Position: Favorable

The Maryland Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

House Bill 584 extends a tax credit against the State income tax for fresh farm and organic fresh farm food donations; altering the amounts of the tax credit from 75% to 100% of the value of the donated certified organic produce a qualified farm is eligible to receive under certain circumstances.

The Conference historically and routinely supports legislation aimed at addressing food insecurity and other such poverty ailments among vulnerable and often marginalized populations in the state. As Pope Francis stresses in his message on World Food Day 2021 *"Our actions are our future. Better production, better nutrition, a better environment and a better life"*, *underlines the need for concerted action to ensure that everyone has access to diets that ensure maximum environmental sustainability, and that are both adequate and affordable. Each of us has a role to play in transforming food systems for the benefit of people and the planet, and "all of us can cooperate [...] for the care of creation, each according to his or her own culture, experience, involvements and talents"* (Encyclical *Laudato Si'*, 14). ". Thus, House Bill 584 seeks to build a more just framework that puts poor and hungry people first, serves small and moderate-sized family farms, promotes sustainable stewardship of the land and helps vulnerable farmers and rural communities.

The Conference appreciates your consideration and respectfully urges a **favorable** report for House Bill 584.