

HB 584, Favorable.

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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