



February 23, 2023

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

COMMITTEE: Ways and Means

POSITION: Favorable with Amendments

Dear Chair Atterbeary and members of the House Ways and Means Committee:

Manna Food Center urges you to **SUPPORT, with Amendments, 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 240-268-2535.