



MARBIDCO
growing rural ventures™

MARYLAND AGRICULTURAL AND RESOURCE-BASED
INDUSTRY DEVELOPMENT CORPORATION
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Mary Shank Creek, *Chair* / Stephen R. McHenry, *Executive Director*

TESTIMONY STATEMENT

BILL: House Bill 812 (Tri-County Council for Southern Maryland – Southern Maryland Agricultural Development Commission – Funding)

COMMITTEE: House Environment and Transportation

DATE: March 8, 2024

POSITION: Support

The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) supports House Bill 812, which proposes to continue – and increase modestly – the State’s annual mandated investment in the Southern Maryland Agricultural Development Commission (SMADC), which is a division of the Tri-County Council for Southern Maryland. SMADC has received about \$900,000 annually in recent years from the Cigarette Restitution Fund (CRF) to support its “infrastructure development” work in Anne Arundel, Calvert, Charles, Prince George’s, and St. Mary’s Counties, and would like to see this amount raised to \$1,000,000 beginning in FY 2026.

MARBIDCO believes that this would continue to be a good investment in CRF funds going forward.

SMADC has a good track record of success and has assisted MARBIDCO with its outreach effort to assist farmers and other rural businesses in the Southern Maryland region with its development finance programming. (Since 2007, MARBIDCO has funded nearly 225 projects in Southern Maryland totaling about \$10 million.)

SMADC has also partnered with MARBIDCO in the development of some innovative financing tools for use only in the region. For example, some of SMADC’s financial resources have been deployed to establish two programs (under MARBIDCO’s jurisdiction):

- 1) the Southern Maryland Revolving Loan Fund for Agriculture, and
- 2) the Southern Maryland Loan Equity Incentive Matching Fund.

The Southern Maryland Revolving Loan Fund for Agriculture was established in 2018 to offer microloans to farmers for projects that are difficult for conventional commercial lenders to finance because these small projects involve the purchase of assets that are difficult to collateralize. Six such small loans have been made so far totaling \$116,507.

An even more significant innovation working with SMADC is the establishment of the Southern Maryland Loan Equity Incentive Matching Fund, which was also launched in 2018 and has funded 16 projects thus far. This program was developed to meet two significant objectives:

- 1) encourage farmer participation in using MARBIDCO's Core loan programs in the Southern Maryland region (including in the MRBIFF loan program which directly works in conjunction with commercial lenders); and
- 2) help improve the quality of an applicant's loan application from a credit underwriting (and thus loan approval) perspective.

The \$176,985 advanced using the equity incentive matching program resources, together with the MARBIDCO loan funds of \$2,198,705, has so far leveraged \$3,733,500 in private commercial lender debt capital.

Conclusion

The Southern Maryland Agricultural Development Commission has proven to be a valuable asset to the 5-county Southern Maryland region over the last 25 years since the first days of the farm tobacco production diversion effort, and it is desirable that its operations should be continued past fiscal 2025 using the Special (CRF) funds identified in this legislation. This funding is particularly important now with the Regional Agricultural Center (RAC) about to begin construction soon in St. Mary's County, and its operational needs requiring some additional support for a period of time.

As such, MARBIDCO respectfully requests a Favorable Report for House Bill 812.

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MARBIDCO was established by the Maryland General Assembly 17 years ago to help enhance the sustainability and profitability of the State's agricultural and resource-based industries to help bolster rural economies, support locally produced food and fiber products, and preserve working farm and forest land. Notably, over one-half of the State's land area (about 3.4 million acres) still remains as privately-owned rural working land today.

MARBIDCO is a nimble, quasi-public financial intermediary organization which has a mission to serve exclusively the commercial farming, forestry, and seafood industries of Maryland. Assisting young and beginning farmers is a special focus for MARBIDCO, as is farm operation diversification (especially through value added processing activities). Commercial urban farming has also become a focus of MARBIDCO's efforts in recent years.

In delivering its financing programs, MARBIDCO works cooperatively with commercial banks and farm credit associations, as well as a host of federal, State, regional and local government agencies, and universities. Since 2007, MARBIDCO has approved 1321 financings totaling about \$105 million for food and fiber business projects located in of all Maryland's counties (including Baltimore City) – and in the process has leveraged \$219 million in commercial lender financing. For more information about MARBIDCO's programs, please visit: www.marbidco.org.