

SENATE BILL 670

Q3, M4

4lr1830

By: **Senator Middleton**

Introduced and read first time: January 31, 2014

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Qualified Farms – Gleaning**

3 FOR the purpose of allowing certain qualified farms a credit, up to a certain amount,
4 against the State income tax equal to a certain percentage of the value of
5 certain food donations; providing for the carry forward of the credit; providing
6 for the calculation of the amount of the credit; requiring the Secretary of
7 Agriculture to establish certain values on a weekly basis; requiring the
8 Secretary, in consultation with the Comptroller, to establish a certain
9 certification procedure for certain tax credit administrators; requiring a tax
10 credit certificate administrator that receives a certain donation to issue a
11 certain tax credit certificate; requiring that a tax credit certificate contain
12 certain information; requiring the Secretary to prepare certain tax credit
13 certificate forms; requiring the Secretary to notify certain administrators to stop
14 issuing certain certificates if a certain limit is reached; requiring the Secretary,
15 under certain circumstances, to provide a procedure for issuing certain tax
16 credit certificates; providing that the total amount of tax credit certificates
17 issued may not exceed a certain amount for certain calendar years; requiring
18 that the Secretary, the Comptroller, and the Task Force to Study the
19 Implementation of a Hub and Spoke Program in the Southern Maryland Region
20 submit a certain report by a certain date; authorizing the Task Force to study
21 the implementation of a certain program in certain additional counties;
22 extending the termination date of the Task Force; requiring the Secretary, in
23 consultation with the Comptroller, to adopt certain regulations; defining certain
24 terms; and generally relating to a tax credit for certain food donations.

25 BY adding to

26 Article – Tax – General

27 Section 10–736

28 Annotated Code of Maryland

29 (2010 Replacement Volume and 2013 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
2 Chapter 292 of the Acts of the General Assembly of 2013
3 Section 1(a) and 2

4 BY repealing and reenacting, with amendments,
5 Chapter 293 of the Acts of the General Assembly of 2013
6 Section 1(a) and 2

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
8 MARYLAND, That the Laws of Maryland read as follows:

9 **Article – Tax – General**

10 **10-736.**

11 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
12 **MEANINGS INDICATED.**

13 **(2) “CERTIFIED ORGANIC PRODUCE” MEANS AN ELIGIBLE FOOD**
14 **DONATION THAT MEETS THE REQUIREMENTS OF TITLE 10, SUBTITLE 14 OF THE**
15 **AGRICULTURE ARTICLE.**

16 **(3) “ELIGIBLE FOOD DONATION” MEANS FRESH FARM PRODUCTS**
17 **FOR HUMAN CONSUMPTION.**

18 **(4) “QUALIFIED FARM” MEANS A FARM BUSINESS THAT IS**
19 **LOCATED IN ANNE ARUNDEL COUNTY, CALVERT COUNTY, CHARLES COUNTY,**
20 **PRINCE GEORGE’S COUNTY, OR ST. MARY’S COUNTY.**

21 **(5) “SECRETARY” MEANS THE SECRETARY OF AGRICULTURE OR**
22 **THE SECRETARY’S DESIGNEE.**

23 **(6) “TAX CREDIT CERTIFICATE ADMINISTRATOR” MEANS A**
24 **PERSON OR AN ORGANIZATION THAT IS AUTHORIZED BY THE DEPARTMENT OF**
25 **AGRICULTURE UNDER SUBSECTION (E) OF THIS SECTION TO RECEIVE ELIGIBLE**
26 **FOOD DONATIONS.**

27 **(B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, FOR A**
28 **TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2013, BUT BEFORE JANUARY**
29 **1, 2017, A QUALIFIED FARM MAY CLAIM A CREDIT AGAINST THE STATE INCOME**
30 **TAX IN THE AMOUNT STATED ON ANY TAX CREDIT CERTIFICATES ISSUED TO THE**
31 **QUALIFIED FARM DURING THE TAXABLE YEAR.**

1 **(2) FOR ANY TAXABLE YEAR, THE TOTAL CREDIT AUTHORIZED IN**
2 **TAX CREDIT CERTIFICATES UNDER THIS SUBSECTION FOR A QUALIFIED FARM**
3 **MAY NOT EXCEED \$5,000.**

4 **(3) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE**
5 **STATE INCOME TAX, ANY UNUSED CREDIT MAY BE CARRIED FORWARD AND**
6 **APPLIED FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:**

7 **(I) THE FULL AMOUNT OF THE CREDIT IS USED; OR**

8 **(II) THE EXPIRATION OF THE 5TH YEAR AFTER THE**
9 **TAXABLE YEAR FOR WHICH THE CREDIT WAS ALLOWED.**

10 **(C) (1) A QUALIFIED FARM THAT MAKES AN ELIGIBLE FOOD**
11 **DONATION IS ELIGIBLE FOR A TAX CREDIT CERTIFICATE WITH A STATED TAX**
12 **CREDIT AMOUNT EQUAL TO 50% OF THE VALUE OF THE ELIGIBLE FOOD**
13 **DONATION.**

14 **(2) A QUALIFIED FARM THAT MAKES A DONATION OF CERTIFIED**
15 **ORGANIC PRODUCE IS ELIGIBLE FOR A TAX CREDIT CERTIFICATE WITH A**
16 **STATED TAX CREDIT AMOUNT EQUAL TO 75% OF THE VALUE OF THE DONATED**
17 **CERTIFIED ORGANIC PRODUCE.**

18 **(D) (1) EACH WEEK THE SECRETARY SHALL ESTABLISH AND PUBLISH**
19 **THE CATEGORIES AND VALUE OF CERTIFIED ORGANIC PRODUCE AND ELIGIBLE**
20 **FOOD DONATIONS.**

21 **(2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**
22 **SUBSECTION, THE VALUE OF EACH CATEGORY OF CERTIFIED ORGANIC**
23 **PRODUCE AND ELIGIBLE FOOD DONATIONS IS THE WHOLESALE VALUE OF THE**
24 **CATEGORY ESTABLISHED BY THE STATE DEPARTMENT OF AGRICULTURE AND**
25 **BASED ON UNITED STATES DEPARTMENT OF AGRICULTURE REPORTS ON**
26 **MARYLAND PRODUCTS SOLD AT MARYLAND MARKETS.**

27 **(3) IF THE SECRETARY DETERMINES THAT THE VALUE**
28 **ESTABLISHED UNDER PARAGRAPH (2) OF THIS SUBSECTION IS INSUFFICIENT TO**
29 **PAY FOR THE COST OF HARVESTING A CATEGORY OF CERTIFIED ORGANIC**
30 **PRODUCE OR ELIGIBLE FOOD DONATION, THE SECRETARY MAY ESTABLISH A**
31 **VALUE IN EXCESS OF THE VALUE UNDER PARAGRAPH (2) OF THIS SUBSECTION.**

32 **(E) (1) THE SECRETARY, IN CONSULTATION WITH THE**
33 **COMPTROLLER, SHALL ESTABLISH A PROCESS TO CERTIFY A PERSON OR AN**
34 **ORGANIZATION TO ACT AS A TAX CREDIT CERTIFICATE ADMINISTRATOR.**

1 **(2) A TAX CREDIT CERTIFICATE ADMINISTRATOR THAT RECEIVES**
2 **A DONATION OF CERTIFIED ORGANIC PRODUCE OR AN ELIGIBLE FOOD**
3 **DONATION FROM A QUALIFIED FARM SHALL ISSUE THE QUALIFIED FARM A TAX**
4 **CREDIT CERTIFICATE.**

5 **(3) THE TAX CREDIT CERTIFICATE SHALL:**

6 **(I) STATE THE DATE OF THE DONATION;**

7 **(II) IDENTIFY THE QUALIFIED FARM;**

8 **(III) DESCRIBE THE TYPE OF DONATION;**

9 **(IV) STATE THE WEIGHT OF THE DONATION;**

10 **(V) IDENTIFY THE VALUE OF THE DONATION;**

11 **(VI) STATE THE MAXIMUM AMOUNT OF THE TAX CREDIT FOR**
12 **WHICH THE QUALIFIED FARM IS ELIGIBLE; AND**

13 **(VII) PROVIDE ANY OTHER INFORMATION THE DEPARTMENT**
14 **OF AGRICULTURE OR COMPTROLLER REQUIRES.**

15 **(4) THE SECRETARY, IN CONSULTATION WITH THE**
16 **COMPTROLLER, SHALL PREPARE TAX CREDIT CERTIFICATE FORMS FOR THE**
17 **USE OF THE TAX CREDIT CERTIFICATE ADMINISTRATORS.**

18 **(5) WITHIN 30 DAYS AFTER ISSUING A TAX CREDIT CERTIFICATE,**
19 **THE TAX CREDIT CERTIFICATE ADMINISTRATOR SHALL PROVIDE A COPY OF THE**
20 **TAX CREDIT CERTIFICATE TO THE SECRETARY AND THE COMPTROLLER.**

21 **(6) (I) THE SECRETARY SHALL NOTIFY EACH TAX CREDIT**
22 **CERTIFICATE ADMINISTRATOR TO STOP ISSUING TAX CREDIT CERTIFICATES IF**
23 **THE AMOUNT OF TAX CREDIT CERTIFICATES ISSUED DURING THE CALENDAR**
24 **YEAR EQUALS OR EXCEEDS THE AMOUNT OF TAX CREDIT CERTIFICATES**
25 **AUTHORIZED TO BE ISSUED DURING THE CALENDAR YEAR UNDER SUBSECTION**
26 **(F) OF THIS SECTION MINUS \$50,000.**

27 **(II) THE SECRETARY, IN CONSULTATION WITH THE**
28 **COMPTROLLER, SHALL ADOPT REGULATIONS PROVIDING PROCEDURES TO**
29 **ISSUE THE REMAINING \$50,000 OF TAX CREDIT CERTIFICATES UNDER THIS**
30 **PARAGRAPH.**

1 (a) There is a Task Force to Study the Implementation of a Hub and Spoke
2 Program in the Southern Maryland Region, including **ANNE ARUNDEL COUNTY**,
3 Charles County, Calvert County, **PRINCE GEORGE'S COUNTY**, and St. Mary's
4 County, to provide the low-income, working poor, and unemployed populations of that
5 region with fresh farm products.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 June 1, 2013. It shall remain effective for a period of [1 year] **4 YEARS** and 1 month
8 and, at the end of June 30, [2014,] **2017**, with no further action required by the
9 General Assembly, this Act shall be abrogated and of no further force and effect.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 2014.