

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 317

(Delegate Gilchrist)

Health and Government Operations

Education, Health, and Environmental Affairs

Maryland Green Purchasing Committee - Food and Beverage Procurement -
 Greenhouse Gas Emissions

This bill establishes a goal of the General Assembly to reduce the overall greenhouse gas emissions associated with food and beverages purchased by State agencies (including public four-year universities) by 25% by fiscal 2030. **The bill takes effect July 1, 2021, and terminates December 31, 2031.**

Fiscal Summary

State Effect: General fund expenditures increase by \$64,300 in FY 2022 to begin to implement the bill; out-year expenditures reflect annualization and ongoing operating expenses. Revenues are not directly affected, as discussed below.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	64,300	75,400	77,700	80,500	83,300
Net Effect	(\$64,300)	(\$75,400)	(\$77,700)	(\$80,500)	(\$83,300)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Methodology

By January 1, 2023, the Maryland Green Purchasing Committee (GPC) must, in consultation with specified stakeholders, develop a methodology that enables a State agency to estimate, to the extent practicable, the greenhouse gas emissions of all food and beverages purchased by the agency, including third-party vendors that provide food on behalf of the agency. In developing the methodology, GPC must consider (1) greenhouse gas emissions associated with the transportation or shipment of food or beverages; (2) packaging of food or beverages; (3) production of food or beverages; (4) production or harvest of ingredients in food or beverages; (5) raising of poultry or livestock that produce food; (6) slaughter of poultry or livestock used for food; and (7) other relevant sources of greenhouse gas emissions.

Reducing Greenhouse Gas Emissions from Food Purchases

By January 1, 2024, GPC must establish a baseline measurement of the overall annual greenhouse gas emissions associated with the State's food and beverage purchases. GPC must develop strategies and policy recommendations for State agencies to reduce greenhouse gas emissions associated with food purchases. The strategies and policy recommendations must consider the nutrition and health of individuals incarcerated in State facilities, patients in State health facilities, students residing at State institutions of higher education, and other individuals dependent on the State for their entire diet or a substantial portion of their diet.

Reporting

By October 1, 2025, and each year thereafter, each State agency must report to GPC on its progress in reducing greenhouse gas emissions associated with food and beverage purchases. By December 31, 2025, and each year thereafter, GPC must report to the General Assembly on (1) an update on the State's overall progress in meeting the bill's goals and (2) recommendations for policy changes to further reduce greenhouse gas emissions from food and beverage purchases or to more quickly achieve the bill's goals.

GPC must also submit interim and final reports in 2023, as specified, on its progress in developing strategies and policy recommendations for agencies to use to reduce greenhouse gas emissions from their purchases of food and beverages.

Current Law: GPC was created by Chapters 593 and 594 of 2010 to provide the State with information and assistance regarding environmentally preferable purchasing. The Department of General Services (DGS) provides staff for the committee.

The University System of Maryland (USM), Morgan State University (MSU), and St. Mary's College of Maryland (SMCM) are exempt from most provisions of State procurement law (but this bill applies to them).

State Fiscal Effect: As the agency that chairs and staffs GPC, DGS is responsible for implementing the bill's requirements. DGS advises that neither it nor other stakeholder agencies have the capacity or expertise to manage a statewide effort to reduce food-related greenhouse gas emissions, including developing a methodology, coordinating with and monitoring State agencies, and reporting as required under the bill. The Department of Legislative Services concurs that DGS needs additional staff; however, other stakeholder agencies are assumed to provide some support with existing staff.

Therefore, general fund expenditures for DGS increase by \$64,329 in fiscal 2022, which accounts for a 90-day delay from the bill's July 1, 2021 effective date. This estimate reflects the cost of hiring a sustainable food coordinator to perform the functions described above and allows sufficient time for the coordinator to develop the required methodology and complete the interim report when they are due (by January 1, 2023). To the extent the sustainable food coordinator is hired later or additional support is necessary, general fund expenditures decrease or increase, respectively. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$58,748
Other Operating Expenses	<u>5,581</u>
Total FY 2022 State Expenditures	\$64,329

Future year expenditures reflect a full salary with annual increases, employee turnover, and ongoing operating expenses.

Only a small number of State agencies purchase large quantities of food, most notably the Maryland Department of Health (for hospitals), the Department of Public Safety and Correctional Services and Department of Juvenile Services (for prisons and youth detention facilities, respectively), and USM, MSU, and SMCM (for students).

For these agencies, the bill's requirements likely have an operational effect on food purchasing, but little or no fiscal effect. In November 2019, the University of Maryland, College Park Campus became the first university to join the "Cool Food Pledge," a commitment to reduce food-related greenhouse gas emissions by 25% by calendar 2030.

USM advises that, as a statutory member of GPC, it does not expect the methodology or goals recommended by the committee to have a meaningful fiscal or operational effect on its campuses. In some instances, overall State expenditures on food may decrease over time as agencies reduce their consumption of meat products.

Maryland Correctional Enterprises (MCE) advises that it operates a meat processing plant in Hagerstown that sells meat to State agencies and other clients. MCE anticipates reduced sales volume for the plant as a result of the bill, which may affect its revenues and capacity to provide training opportunities for inmates. Any such effect cannot be reliably estimated.

Additional Information

Prior Introductions: Similar legislation, HB 772 of 2020, passed the House as amended and was referred to the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken on the bill. Its cross file, SB 478, received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken.

Designated Cross File: None.

Information Source(s): Maryland State Department of Education; University System of Maryland; Morgan State University; Maryland Department of Agriculture; Maryland Department of the Environment; Department of Natural Resources; Department of General Services; Maryland Department of Health; Department of Juvenile Services; Department of Public Safety and Correctional Services; Department of Legislative Services

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