

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 152

(Delegate Wells, *et al.*)

Environment and Transportation

Education, Energy, and the Environment

Department of Agriculture - Urban Agriculture Grant Programs - Alterations

This bill modifies the Urban Agriculture Grant Program by (1) mandating a minimum amount of funding (\$100,000 annually) for the program from fiscal 2025 through 2029; (2) expanding eligibility for grants under the program, making them available directly to urban agricultural producers and to specified nonprofit organizations and institutions of higher education; and (3) modifying provisions relating to the grant process and the use of the grants. The bill also expands the definition of “urban agricultural producer” under both the Urban Agriculture Grant Program and the Urban Agriculture Water and Power Infrastructure Grant Program. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: General fund expenditures increase by at least \$100,000 annually from FY 2025 through 2029. Special fund revenues and expenditures increase correspondingly. **This bill establishes a mandated appropriation for FY 2025 through 2029.**

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
SF Revenue	\$0	\$100,000	\$100,000	\$100,000	\$100,000
GF Expenditure	\$0	\$100,000	\$100,000	\$100,000	\$100,000
SF Expenditure	\$0	\$100,000	\$100,000	\$100,000	\$100,000
Net Effect	\$0	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)

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

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Meaningful.

Analysis

Bill Summary:

Urban Agriculture Grant Program

Mandated Funding

For fiscal 2025 through 2029, the bill requires the Governor to include in the annual budget bill an appropriation of at least \$100,000 to the Urban Agriculture Grant Fund (which, under existing law, provides grants under the program).

Expanded Eligibility

The bill allows for the fund to be used to provide grants directly to urban agricultural producers, as well as to nonprofit organizations statewide (under existing law, only nonprofits in Baltimore City are eligible), and institutions of higher education.

The bill modifies the definition of “urban agricultural producer” so that it means any person that annually sells, or normally would have sold, \$1,000 or more of farm products in any “urban area,” instead of only in Baltimore City. “Urban area” means an area of the State that is (1) delineated as an urban area by the U.S. Census Bureau or (2) within the boundaries of a municipality.

An institution of higher education or a nonprofit organization is qualified to receive a grant if the Maryland Department of Agriculture (MDA) determines that the entity (1) works to increase the viability of urban farming and improve access to urban-grown foods and (2) will provide direct training and ongoing technical assistance, as specified, to urban agricultural producers that receive a grant under the program. A nonprofit organization must also be incorporated or maintain its principal place of business in an urban area.

An urban agricultural producer is qualified to receive a grant if MDA determines that the urban agricultural producer will complete a new farming training or continuing education program.

Grant Process and the Use of Grants

The bill replaces a requirement that MDA adopt specified regulations governing the process of awarding grants, and the use of the grants, under the Urban Agriculture Grant Program (including the establishment of a review board to implement the grant process) with provisions establishing an Urban Agriculture Advisory Committee, staffed by MDA, to recommend guidelines, policies, and practices for the implementation of the program.

The committee must make recommendations that:

- establish a competitive grant application process that prioritizes applications that benefit socially disadvantaged urban farmers by allowing them to (1) secure specified real property; (2) maintain safe, environmentally sustainable, and socially responsible practices; and (3) make capital improvements to support viable urban agriculture enterprises;
- require that grant applications demonstrate a measurable community benefit, which may include improving local food access; and
- prohibit grant recipients from using more than 15% of the amount of the grant for operating expenses.

Members of the committee may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations, as provided in the State budget.

The bill repeals an existing reporting requirement applicable to MDA and instead requires the committee to report to the Governor, the Senate Budget and Taxation Committee, and the House Appropriations Committee by December 30, 2023, and each December 30 thereafter.

Urban Agriculture Water and Power Infrastructure Grant Program

The bill modifies the definition of “urban agricultural producer” under the Urban Agriculture Water and Power Infrastructure Grant Program so that – in addition to a producer in an area of the State delineated as an urban area by the U.S. Census Bureau – it also includes a producer in an area of the State within the boundaries of a municipality whether or not the area is delineated as an urban area by the U.S. Census Bureau. Under existing law, urban agricultural producers are eligible for grants under the program for the purchase and installation of (1) agricultural equipment associated with water supply and irrigation and (2) electric power access.

Current Law:

Urban Agriculture Grant Program

Chapter 320 of 2021 established the Urban Agriculture Grant Program within MDA to increase the viability of urban farming and improve access to urban-grown foods. To support the program, Chapter 320 also established an Urban Agriculture Grant Fund to provide grants to qualified nonprofit organizations in Baltimore City. The Governor is authorized to include an appropriation to the fund in the annual budget bill.

The fund must be used to provide grants to qualified nonprofit organizations that distribute the grant money to urban agricultural producers. A nonprofit organization is qualified to receive a grant if MDA determines that the nonprofit organization (1) is incorporated or maintains its principal place of business in Baltimore City and (2) works to increase the viability of urban farming and improve access to urban-grown foods.

MDA must adopt regulations, subject to the availability of money in the fund, to provide grants under the fund. The regulations must:

- establish a review board to implement (1) a competitive grant application process that prioritizes applications that will accomplish the goals of the Urban Agriculture section of the 2019 Baltimore Sustainability Plan and historically disadvantaged urban farmers; (2) a system to fairly evaluate each grant application and award grants from money available in the fund; and (3) a grant agreement to be used by the review board and grant recipients;
- require the review board to include members representing (1) the Baltimore Office of Sustainability; (2) the Baltimore Development Corporation; and (3) the Department of Planning;
- require that (1) more than 75% of the review board be composed of staff representing an agency of Baltimore City and (2) the remainder be appointed by MDA, based on the member's ability to help achieve the purpose of the program;
- require grant recipients to distribute at least 70% of the amount of the grant to urban agricultural producers to (1) secure real property; (2) maintain safe, environmentally sustainable, and socially responsible practices; and (3) support viable urban agriculture enterprises;
- require that grant applications demonstrate a measurable impact on improving local food access or other community benefits;
- require at least 70% of the amount of each grant to be distributed to minority-owned or operated urban agricultural producers; and
- prohibit grant recipients from using more than 30% of the amount of the grant for operating expenses.

In adopting the regulations, MDA must seek and prioritize input from urban agriculture farms and farmer advocates.

Within 90 days after the end of a grant cycle, a qualified nonprofit organization that received a grant must submit a report to MDA that includes (1) the names and locations of urban agricultural producers that received funds under the program; (2) the dollar amount of funds awarded to each urban agricultural producer; and (3) the impact of the program on increasing the viability of urban farming and improving access to urban-grown foods.

By October 15 each year, beginning in 2023, MDA must submit a report to the Governor, the Senate Budget and Taxation Committee, and the House Appropriations Committee on the effectiveness of the funding provided under the program.

MDA may adopt any additional implementing regulations.

Urban Agriculture Water and Power Infrastructure Grant Program

Chapters 393 and 394 of 2022 established the Urban Agriculture Water and Power Infrastructure Grant Program within MDA. The program provides grants to urban agricultural producers and qualified nonprofit organizations for the purchase and installation of (1) agriculture equipment associated with water supply and irrigation and (2) electric power access. “Urban agricultural producer” means any person that (1) annually produces farm products in an area of the State delineated as an urban area by the U.S. Census Bureau and (2) sells, plans to sell, or normally would have sold at least \$1,000 annually of farm products produced from a farming operation in the State.

For fiscal 2024 through 2027, the Governor must include in the annual budget bill a general fund appropriation of \$500,000 to the Urban Agriculture Water and Power Infrastructure Grant Fund (which provides grants under the program).

State Fiscal Effect: The Urban Agriculture Grant Program has not been funded since it was established, and funding is not included in the fiscal 2024 budget as introduced. Assuming the program is also not funded in fiscal 2025 and future years absent the bill, general fund expenditures increase by at least \$100,000 annually from fiscal 2025 through 2029, reflecting the bill’s mandated appropriation. Special fund revenues to the Urban Agriculture Grant Fund increase correspondingly, reflecting receipt of the general fund appropriations to the fund. Special fund expenditures also increase by an equivalent amount overall, reflecting spending from the Urban Agriculture Grant Fund; however, spending from the fund may not necessarily occur entirely in the same fiscal year that the funding is received.

MDA can manage the program and fund, including staffing the Urban Agriculture Advisory Committee, with existing resources.

As institutions of higher education that meet specified qualifications are eligible for grants under the bill’s changes, revenues increase for any State institutions of higher education that receive grants under the bill; expenditures increase correspondingly.

The bill’s expansion of the definition of “urban agricultural producer” under the Urban Agriculture Water and Power Infrastructure Grant Program is not expected to have a fiscal impact.

Small Business Effect: Grants, training, and technical assistance provided under the program are expected to have a meaningful impact on small business urban farmers, consistent with the purpose of the program of increasing the viability of urban farming and improving access to urban-grown foods.

Additional Information

Prior Introductions: Similar legislation has been introduced within the last three years. See HB 1216 of 2022.

Designated Cross File: None.

Information Source(s): Baltimore City Community College; University System of Maryland; Morgan State University; Maryland Department of Agriculture; Department of Budget and Management; Department of Legislative Services

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