

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 483 (Senators Guzzone and Hester)

Finance and Education, Health, and
Environmental Affairs

Maryland Farms and Families Fund - Purpose, Use, Funding, and Grant
Qualifications - Alterations

This bill expands the purpose and use of the Maryland Farms and Families Fund. In addition, beginning in fiscal 2021, the bill modifies the provision regarding the required funding for the fund. Instead of the existing language that makes \$500,000 in annual funding *subject to the limitations of the State budget*, the bill *requires* the Governor to include an appropriation of \$500,000 to the fund in the annual budget bill. **The bill takes effect June 1, 2019.**

Fiscal Summary

State Effect: General fund expenditures increase by up to \$500,000 annually, beginning in FY 2021. Special fund revenues and expenditures increase correspondingly with any general fund expenditure increase. **This bill establishes a mandated appropriation beginning in FY 2021.**

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Bill Summary:

Expansion of the Purpose and Use of the Fund

The bill expands the purpose of the Maryland Farms and Families Fund by replacing the current purpose of the fund – “provid[ing] grants to nonprofit organizations that match purchases made with Farmers Market Nutrition Program (FMNP), Supplemental Nutrition Assistance Program (SNAP), and Special Supplemental Food Program for Women, Infants, and Children (WIC) benefits at participating farmers markets throughout the State” – with the purpose of providing grants to:

- nonprofit organizations that match purchases made with FMNP, SNAP, and WIC benefits at participating farmers markets;
- nonprofit farmers markets to implement the program at the farmers markets; and
- local nonprofit organizations to implement the program in partnership with one or more participating local farmers markets.

The bill expands the use of the Maryland Farms and Families Fund by replacing the current use of the fund – providing grants to nonprofit organizations that meet specified qualifications – with the use of providing grants to:

- nonprofit organizations that (1) meet specified qualifications and (2) distribute the grant money to farmers markets and local nonprofit organizations in accordance with the statutory provisions governing the fund and the Maryland Farms and Families Program;
- nonprofit farmers markets to implement the program at the farmers markets; and
- local nonprofit organizations to implement the program in partnership with one or more local farmers markets.

Mandated Appropriation

The bill replaces existing language that requires the Governor to include in the annual budget bill a proposed general fund appropriation to the fund of \$500,000 for each fiscal year, *subject to the limitations of the State budget*. Instead, the bill simply requires the Governor to include in the annual budget bill an appropriation of \$500,000 to the fund. The bill also requires that the appropriation be in addition to, and not supplant, any funding appropriated to the Marketing and Promotion Division in the Maryland Department of Agriculture (MDA).

Other Changes

The bill clarifies that the minimum 70% of grant money received by a qualified nonprofit organization that must be distributed to participating Maryland farmers markets for healthy local food incentives must be distributed directly to participating farmers markets as matching dollars for purchases made with FMNP, SNAP, and WIC benefits.

The bill also eliminates requirements that qualified nonprofit organizations' efforts be statewide.

Current Law: The Maryland Farms and Families Fund implements the Maryland Farms and Families Program (within MDA), the purpose of which is to double the purchasing power of food-insecure Maryland residents with limited access to fresh fruits and vegetables and to increase revenue for farmers through redemption of federal nutrition benefits at Maryland farmers markets.

The purpose of the fund is to provide grants to nonprofit organizations that match purchases made with FMNP, SNAP, and WIC benefits at participating farmers markets through the State. The fund must be used to provide grants to nonprofit organizations that meet the specified qualifications (including a demonstrated record of building a statewide network) and a qualified nonprofit organization that receives a grant (1) must distribute at least 70% of the grant money it receives to participating Maryland farmers markets for healthy local food incentives and (2) may not use more than 30% of the grant money it receives for statewide program development, promotion and outreach, farmers market training and capacity building, technical assistance, program data collection, evaluation, administration, and reporting.

Background: The Maryland Farms and Families Program and Maryland Farms and Families Fund were established under Chapters 395 and 396 of 2017. Funding for the program is included in the fiscal 2019 budget – \$200,000 of funding initially intended for another purpose was reserved for the program in the 2018 budget bill (to be transferred to the program by budget amendment). A subsequent October 2018 budget amendment added that funding to MDA's fiscal 2019 budget. Funding for the program, however, is not included in the Governor's proposed fiscal 2020 budget.

MDA has issued a request for proposal to implement the program in its current form with the \$200,000 in the fiscal 2019 budget and will decide on the recipient of the funds by the end of January 2019.

State Fiscal Effect: General fund expenditures increase by up to \$500,000 annually, beginning in fiscal 2021, to the extent that, in the absence of the bill, the full \$500,000 required under current law is not included in the budget bill in any fiscal year due to budget

limitations. The bill establishes a mandated appropriation *which is not subject to budget limitations*. Because no other funding source is identified in the bill, it is assumed, for the purposes of this fiscal and policy note, that any increase in expenditures consists of general funds.

Special fund revenues and expenditures increase correspondingly with any general fund expenditure increase each fiscal year, reflecting receipt of the general funds by the Maryland Farms and Families Fund and the expenditure of those funds through grants.

Small Business Effect: Small business farmers who participate in farmers markets and accept federal nutrition benefits are meaningfully affected by the bill. The majority of any increase in funding resulting from the bill will be used to purchase those small businesses' products and may increase the level of federal nutrition benefits spent on the products. MDA indicates that there are 255 farmers enrolled in the MDA Farmers Market Nutrition Program.

Additional Information

Prior Introductions: None.

Cross File: HB 84 (Delegate Charkoudian, *et al.*) - Appropriations.

Information Source(s): Maryland Department of Agriculture; Department of Legislative Services

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Analysis by: Scott D. Kennedy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510