



# Maryland Department of Agriculture

Agriculture | Maryland's Leading Industry

*Office of Marketing  
Animal Industries and Consumer Services*

**Larry Hogan**, Governor

**Boyd K. Rutherford**, Lt. Governor

**Joseph Bartenfelder**, Secretary

**Julianne A. Oberg**, Deputy Secretary

*Agriculture and Seafood Marketing*

The Wayne A. Cawley, Jr. Building

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Annapolis, Maryland 21401

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January 29, 2018

The Honorable Lawrence J. Hogan Jr.  
Governor  
100 State Circle  
Annapolis, MD 21401

The Honorable Michael E. Busch  
Speaker  
Maryland House of Delegates  
State House, H-101  
100 State Circle  
Annapolis, MD 21401

The Honorable Thomas V. Mike Miller, Jr.  
President  
Maryland Senate  
State House, H-107  
100 State Circle  
Annapolis, MD 21401

**RE: Report Required by Chapters 232/233 of the Acts of 2017 (SB416/HB 472) Income Tax Credit - Qualified Farms - Food Donation Pilot Program - MSAR # 11210**

Dear Governor Hogan, Speaker Busch and President Miller,

Chapters 232/233 of the Acts of 2017 (SB416/HB 472) required the Maryland Department of Agriculture, in consultation with the Comptroller, to report annually to the Governor and General Assembly on the use and impact of the tax credit.

I have included the reports from 2018 and 2019. I hope you find the information contained in this report useful. Should you have any questions, please do not hesitate to reach out to Cassie Shirk, Director of Legislation and Governmental Affairs, at [cassie.shirk@maryland.gov](mailto:cassie.shirk@maryland.gov) or 410-841-5886.

Sincerely,

Joseph Bartenfelder  
Secretary, Department of Agriculture

**REPORT TO GOVERNOR LARRY HOGAN AND  
THE MARYLAND GENERAL ASSEMBLY**

**January 1, 2018**

**Background**

During the 2017 Legislative session, the Maryland General Assembly passed *Senate Bill 416 – Income Tax Credit – Qualified Farms – Food Donation Program*. The bill was subsequently signed into law by Governor Larry Hogan. The purpose of the bill is to establish a mechanism to allow certain qualified farms to establish a credit against the State income tax for qualified food donations. MDA met with the Maryland Food Bank, the Capital Area Food Bank and the Comptroller's Office in May-July 2017 to develop regulations for this program. Those regulations were finalized Sept. 11, 2017.

**Participation**

In 2017, one farmer received tax credits amounting to \$10,000 for produce donations. Three organizations were certified to serve as Tax Credit Administrators.

**Promotion**

MDA promoted the program through a press release and speaking engagements.



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## Report to Governor Larry Hogan and the Maryland General Assembly

**January 1, 2019**  
**Covers Calendar Year 2018**

### Background

During the 2017 Legislative session, the Maryland General Assembly passed *Senate Bill 416 – Income Tax Credit – Qualified Farms – Food Donation Program*. The bill was subsequently signed into law as Chapters 232/233 of the Acts of 2017 (SB416/HB 472) by Governor Larry Hogan. The purpose of the bill is to establish a mechanism to allow certain qualified farms to establish a credit against the State income tax for qualified food donations. MDA met with the Maryland Food Bank, the Capital Area Food Bank and the Comptroller's Office in May-July 2017 to develop regulations for this program. Those regulations were finalized Sept. 11, 2017.

### Participation

As of this report, two Maryland farmers have qualified for tax credits for the total amount of \$5,289.91 in 2018. Also in 2018, in addition, one farm donated 252 pounds of various cuts of pork and another farm donated 405 pounds of cheddar cheese. Pricing on pork and cheese donations will be completed once the federal furlough of U.S. Department of Agriculture employees has ended. After this is complete, an update to the 2018 total amount will be provided in the 2019 report. In 2017, one farmer participated and received a \$10,000 credit.

Currently there are five non-profits approved as Tax Credit Administrators: Anne Arundel County Food Bank, St. Mary's Caring, Lexington Park, Md.; Capital Area Food Bank, Washington, D.C.; MANNA Food Center's Community Food Rescue Program, Gaithersburg, Md.; and, Rainbow Community Development Center, Silver Spring, Md.

### Additional information

MDA intends to increase promotion of the program in 2019 to ensure farmers are aware of the opportunity. A meeting with the Maryland Food Bank to discuss the program indicates there are more opportunities for farmers to participate on Maryland's Eastern Shore than there might be in Southern Maryland and the Montgomery County pilot area. Additionally, many farmers sell produce to food banks than they donate, which decreases potential participation.

The program has been promoted by MDA and the Comptroller in 2018. The following information is on the Comptroller's website:

[https://taxes.marylandtaxes.gov/Business\\_Taxes/General\\_Information/Business\\_Tax\\_Credits/Qualified\\_Farms\\_Tax\\_Credit.shtml](https://taxes.marylandtaxes.gov/Business_Taxes/General_Information/Business_Tax_Credits/Qualified_Farms_Tax_Credit.shtml)

### **Qualified Farms Tax Credit**

Qualified farms that make an eligible food donation may be eligible for an income tax credit. A qualified farm that makes an eligible food donation is eligible for a tax credit amount equal to 50% of the value of the eligible food donation. A qualified farm that makes a donation of certified organic produce is eligible for a tax credit amount equal to 75% of the value of the donated certified organic produce. Certification of the tax credit is issued by an individual or organization authorized by the State Department of Agriculture to receive eligible food donations from a qualified farm and to issue the qualified farm a tax credit certificate. For any taxable year, the aggregate amount of credits authorized for a qualified farm may not exceed \$5,000 unless the Maryland Secretary of Agriculture increases the credit limitation for a qualified farm to an amount not to exceed \$10,000. If the allowable credit amount exceeds the state income tax, the unused credit may be carried forward each subsequent year until the allowable credit is used up or 5 years, whichever first occurs.

“Qualified farms” means a farm business that is located in Anne Arundel County, Calvert County, Charles County, Montgomery County, Prince George’s County, or St. Mary’s County.

“Eligible food donation” means fresh farm products for human consumption. “Certified organic produce” means an eligible food donation certified under Title 10, Subtitle 14 of the Agriculture Article as an organically produced commodity.

The credit is claimed on Part Z, line 1, and is also entered on the Business Tax Credit Summary, Part BB, line 26. For questions on application and certification processes or for additional information on this credit program, contact:

Mark S. Powell, Chief, Marketing and Agribusiness Development  
Maryland Department of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, MD 21401  
(410) 841-5775

Note: A copy of all certificates issued by a Tax Credit Certificate Administrator must be included with Form 500CR.

No credit may be earned for any tax year beginning on or after January 1, 2020.