



Maryland Department of Agriculture

Office of the Secretary

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Joseph Bartenfelder, Secretary
Julianne A. Oberg, Deputy Secretary

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Agriculture | Maryland's Leading Industry

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December 31, 2019

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

The Honorable Adrienne A. Jones
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 Tax General Article § 10-741(g)

Dear Governor Hogan, Speaker Jones and President Miller:

Tax General Article § 10-741(g) states "On or before January 1, 2018, and January 1 each year thereafter until January 1, 2021, the Secretary [of Agriculture], in consultation with the Comptroller, shall submit a report to the Governor and, subject to § 2-1246 of the State Government Article, the General Assembly on the use and impact of the tax credit established under this section. [Food Donation Pilot Program]."

I have included the 2019 annual report. 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 or 410-841-5886.

Sincerely,

Joseph Bartenfelder
Secretary, Department of Agriculture



Maryland Department of Agriculture Food Donation Tax Credit Pilot Program

Annual Report FY19



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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 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. The Maryland Department of Agriculture (MDA) met with the Maryland Food Bank, the Capital Area Food Bank and the Comptroller's Office between May and July 2017 to develop regulations for this program. Those regulations were finalized Sept. 11, 2017.

Originally, this program was only available to producers in Southern Maryland and Montgomery County. However, House Bill 403 of 2019, which passed on and signed into law by Governor Hogan on expanded the program statewide. The program will sunset in 2021.

Farmers are eligible for up to \$5,000 per year of tax credit. MDA manages the program in cooperation with the Comptroller and has authority to issue up to \$100,000 in tax credits annually. Eligible donations are defined as 'fresh farm products for human consumption.' Food donations are eligible for a tax credit of 50% of the value of the donation, not to exceed \$5,000 per calendar year. Certified organic food donations are eligible for a tax credit of 75% of their value.

Participation

In 2019, 15 farmers from the Eastern Shore, southern Maryland and central Maryland received tax credits amounting to \$21,832.50 in donations.

The actual total value of food donations from farmers totaled \$43,600. There were two organic donations of cucumbers and squash. In total, 127,795 pounds of donations were reported.

Promotion

MDA promoted the program through a press release, social media and three speaking engagements. In addition, MDA created a separate website for the program to make it easier for participants to learn about the requirements and how to benefit from the tax credit.