



**Maryland Department of Agriculture
Food Donation Tax Credit Pilot Program**

2021 Annual Report

Background

During the 2017 legislative session, Governor Larry Hogan signed SB 416 - Income Tax Credit – Qualified Farms – Food Donation Program into law. 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, signed into law by Governor Hogan, expanded the program statewide.

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 2021, farmers from the Eastern Shore, southern Maryland and central Maryland received tax credits worth \$35,843.58.

The actual total value of food donations from farmers totaled \$71,687.17. There was an organic donation of kale and squash, the rest was conventional.

Promotion

MDA continues to promote the program through its website. However, the impact of the COVID-19 pandemic prevented significant outreach in 2021.