

REPORT TO GOVERNOR LARRY HOGAN AND
THE MARYLAND GENERAL ASSEMBLY

January 2023

This memo serves to provide a report on the Food Donation Tax Credit Pilot program.

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 law 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 in May-July 2017 to develop regulations for this program. Those regulations were finalized Sept. 11, 2017.

Originally available to producers in Southern Maryland and Montgomery County, the law was amended in 2019 to extend the food donation income tax credit for qualified farms for two additional tax years through tax year 2021 and expands the program so that all qualified farm businesses located in the State, not just in specified counties, also qualify for the credit. 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 its value.

Participation

In 2022, seven farmers from the Eastern Shore, Southern Maryland and central Maryland received tax credits amounting to \$24,853.91 for donations.

Promotion

MDA promoted the program through its website.