



# Maryland Department of Agriculture

Office of the Secretary

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**HOUSE APPROPRIATIONS**  
**Capital Budget Subcommittee**

**SENATE BUDGET and TAXATION**  
**Capital Budget Subcommittee**

## **CAPITAL BUDGET TESTIMONY**

Good afternoon, Mr. Chairman. My name is Joe Bartenfelder, Secretary of the Maryland Department of Agriculture.

Today, the Department has four Programs for your consideration. The Committee is familiar with three of these projects: (1) Maryland Agricultural Land Preservation, (2) Maryland Cost Share Program (MACS) and (3) Tobacco Transition. However, I would like to spend a moment on the fourth which is the need for replacing the Salisbury Laboratory.

- The current facility is over 60 years old and is not in good condition.
- The Lab does not meet modern laboratory standards
- Maryland needs a modern functional lab for our agricultural community to help in detecting animal diseases before the disease would cause economic and public health concerns.

**The analyst has raised a number of issues, below are our responses:**

**The Department of Legislative Services (DLS) recommends that MDA comment on how it will help farmers meet phosphorus management tool requirements based on available funding and on whether there are gaps in terms of what is needed.**

The Department is still in the process of evaluating resource needs to assure farmers can implement Phosphorus Management Tool (PMT). The economic study should provide some incidental data about types of impacts we can expect. Soil test information is not yet complete but it should provide a better indication of the cropland that will be limited in using manure for nutrient inputs. To date we have 18% of reported cropland that will be limited in phosphorus use by PMT implementation. (The 1.1% is total prohibition of phosphorus application.)

The Manure Transport Program is essential for relocating manure to cropland and alternative uses where it can be safely used. MDA increased state funding by \$250,000 in FY 16 and match by poultry companies was increased to over \$525,000 making almost \$1.2 million available to relocate manure from poultry and livestock farms that cannot use the manure they generate. MDA is also in the third year of soliciting projects that provide innovation alternative manure technologies to repurpose and better manage manure resources.

MACS capital funding is used for BMPs such as manure storage, livestock exclusion and stream protection practices, all required now by the nutrient management regulations. However its primary purpose continues to be assuring farmers continue their pace of implementing an array of BMPs to meet the WIP and TMDL. PMT is only a small piece of TMDL implementation. It will take the entire suite of agricultural water quality BMPs supported by MACS capital funding to achieve the TMDL.

Resources provided by the recent USDA RCPP award will provide support over a 3 year period for 5 animal waste management systems and BMPs such as variable rate nutrient application technology and bioreactors which are not cost shared by MACS. It is inaccurate to assume this grant reduces need for MACS BMP funding.

**DLS recommends that SMADC comment on the status of the Agricultural Business Park and Food Innovation Center, the process of development of a final business plan, the possibility of using the Southern Maryland Regional Farmers' Market, and on whether any fiscal 2016 or 2017 State funding in either its operating or Pay-as-you-go (PAYGO) capital budgets will be used to support the development of the proposed center.**

SMADC believes the profitability is the number one key to the future of farming and is of our highest priorities. Most farmers that produce “table crops” such as fresh produce, meat, dairy, and aquaculture do not receive federal subsidies, and no farmer will stay in business unless it is profitable. After many years of rebuilding the farm production capacity of Southern Maryland, SMADC and the community are ready to take the next step in developing an Agricultural Business Park and Food Innovation Center (Ag and Food Center).

The local food movement is on the rise, as evidenced by Maryland’s Farm to School programs, the Maryland Buy Local initiative and others, and the call for local food products is tremendous, yet retail and institutions find it challenging to procure local farm food efficiently.

The community has expressed solid support for the Ag and Food Center, and our public survey results indicate the need for a meat processing facility with retail storefront to service both the English and Amish farmers as the first priority. Thus, our business plan reflects establishing the meat processing and retail facility first, with future expansion to accommodate the needs of the community as follows:

*Our produce farmers see advantages in the Food Innovation Center which can provide a commercial inspected kitchen for processing value-added products, and developing a regional branded product much like tobacco once was. New and beginning farmers have requested assistance with distribution to help grow and expand their markets, and we are seeing a need in the quickly emerging aquaculture industry for future assistance with processing. Not surprisingly, most institutions and retailers find it inefficient to purchase from many different farms, and prefer to streamline their purchasing to a few clients. The Ag and Food Center is designed to process and aggregate farm products for retail and wholesale accounts. We are working with partners to pilot initiatives to service some of these needs as quickly as possible.*

**Land Preservation**

As of February 2016, there are 30 farm applications for land preservation in Southern Maryland, amounting to 3282 acres and \$18 million. Yet, the number of new and young farmers poised to take over these lands in the future is low. SMADC developed the Maryland FarmLINK program to assist new and beginning farmers find land, mentors, resources and business partners, and the Ag and Food Center envisions a component for new farmer incubation.

**DLS recommends that SMADC comment on the long term plan for the Tobacco Transition Program’s third Priority – infrastructure/agricultural development – given the end of the first two priorities in fiscal 2018.**

The farmers of Southern Maryland were promised 5% of the Cigarette Restitution Funds (CRF) from the Master Settlement to rebuild its agricultural economy in exchange for forever giving up their income from tobacco production. Maryland will continue to receive CRF (funds) from the tobacco companies through 2025. Cumulatively over years, Southern Maryland has received significantly less than the promised 5%. The below table shows the most recent years:

	FY’ 15	FY’ 16	FY’ 17
5% of CRF	9.879	9.424	7.685
SMADC received	6.539	6.041	5.773
Difference	-3.34	-3.383	-1.912

\$7.039 million was requested by the Southern Maryland Agricultural Development Commission (SMADC) for FY’ 17. The State has allocated \$5.773 million, of which \$3.8 million are taken out for bond repayment, thus eliminating considerable funds for the region.

If all \$7.039 were awarded, there would be enough funds to support all the programs, including ones that service the entire state such as the Maryland FarmLINK and Maryland Buy Local Challenge, regional land preservation for the five Southern Maryland counties, the emerging Ag and Food and SMADC’s other programs. SMADC hopes the state honors its commitment to Southern Maryland and continues to allocate the promised CRF (funds) until the CRF funding stream ends.

SMADC has been exploring avenues to become financially sustainable, and envisions the Ag and Food Center as a means to raise revenue that could support its important work on behalf of farmers in the region and across the state.

Given the significant reduction in funds for FY'17, SMADC proposes to use as much of its FY'17 funds to prioritize the Ag and Food Center and its on-going infrastructure programs. Any remaining funds will support land preservation.