

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 429

(Delegate Boyce, *et al.*)

Environment and Transportation

Education, Energy, and the Environment and
 Budget and Taxation

On-Farm Organics Diversion and Recycling Grant Program - Established

This bill establishes, beginning July 1, 2028, an On-Farm Organics Diversion and Recycling Grant Program, administered by the Maryland Department of Agriculture (MDA), in consultation with the Maryland Department of the Environment (MDE), to award grants for developing and implementing on-farm organics recycling and compost use, wasted food prevention, and food rescue. For fiscal 2028 and each fiscal year thereafter, the Governor must include in the annual budget bill an appropriation of \$250,000 to the grant program. MDA, in consultation with MDE, must also identify and apply for funding for the grant program. By December 31, 2028, and annually thereafter, MDA must report to the General Assembly on the grant program, as specified.

Fiscal Summary

State Effect: No impact assumed in FY 2027. General fund expenditures increase by \$250,000 in FY 2028, reflecting the mandated appropriation (used by MDA to cover administrative costs in that year); future years reflect the ongoing mandated appropriation (used for grant awards) and ongoing administrative costs. Although not reflected in the table below, to the extent other (non-State) sources of funding for the grant program are secured, State finances are further affected, as discussed below. In addition, State institutions of higher education may be grant recipients, as discussed below. **This bill establishes a mandated appropriation beginning in FY 2028.**

| (in dollars) | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 |
|----------------|---------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 0 | 250,000 | 371,500 | 375,800 | 380,300 |
| Net Effect | \$0 | (\$250,000) | (\$371,500) | (\$375,800) | (\$380,300) |

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local soil conservation districts and local institutions of higher education may be grant recipients, as discussed below. Otherwise, local finances are not directly affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Eligible Grant Recipients

Eligible grant recipients are as follows: (1) a farmer, an urban farmer, or an urban agricultural producer; (2) a soil conservation district; (3) an institution of higher education; (4) a nonprofit organization; (5) a business in the State that is in good standing with the State Department of Assessments and Taxation and is in partnership with a farmer, an urban farmer, or an urban agricultural producer; and (6) a consortium of any of those entities.

Eligible Projects and Project Prioritization

A project is eligible for a grant under the program if the project develops, maintains, or expands infrastructure, collection programs, education, or technical assistance in the State that (1) reduces the amount of wasted food generated; (2) rescues edible food for purposes of redistribution; (3) recovers wasted food as animal feed, as specified; (4) composts or recycles food residuals that are separated from packaging prior to collection, including at-home, community, and on-farm composting; (5) provides labor and wages in support of wasted food prevention, food rescue, and on-farm organics recycling and compost use; (6) provides best management practice training in relevant fields, as specified; (7) studies the impacts of compost application on on-farm nutrient and water quality management; or (8) assists in the payment of applicable permit application costs.

In awarding grants under the program, MDA must, in consultation with MDE, prioritize projects that, among other specified criteria:

- prevent, rescue, and divert wasted food within a local community;
- plan to produce compost that meets specified criteria;
- serve an overburdened or underserved community;
- minimize negative impacts to the local community; and
- maximum benefits to the local community, as specified.

Reporting Requirement

By December 31, 2028, and by each December 31 thereafter, MDA must report to the General Assembly on (1) the number and types of grants awarded; (2) the impact of the grants on the creation of jobs and other benefits to the State; (3) the impact on food waste prevented, rescued, and diverted from disposal; and (4) the impact on farmers, urban farmers, and urban agricultural producers in the State.

Current Law:

Solid Waste Infrastructure and Recycling in the State, Generally

The solid waste infrastructure in Maryland consists of both permitted and nonpermitted facilities, and solid waste is managed through a combination of recycling, composting, landfilling, incineration, storage, and exporting for disposal or recycling.

Maryland's recycling policy is guided by the Maryland Recycling Act, which sets mandatory recycling rates for State government and local jurisdictions, as well as a voluntary statewide waste diversion goal of 60% and a voluntary statewide recycling goal of 55% by 2020. Each county (including Baltimore City) must recycle at least 20% or 35% of the county's solid waste stream, depending on the county's population. Each county (including Baltimore City) must also prepare a recycling plan that addresses how the jurisdiction will achieve its mandatory recycling rate.

The Office of Recycling

MDE's Office of Recycling, among other things, reviews county recycling plans and coordinates the efforts of the State to facilitate the implementation of the recycling goals at the county level. Counties are required to periodically report solid waste and recycling data to the department.

MDE submits a combined annual report to the Governor and the General Assembly that meets two statutory reporting requirements relating to solid waste management and recycling/waste diversion in the State. ([Maryland Solid Waste Management and Diversion Report](#)).

Chapter 465 of 2023 required the office to hire an independent consultant to conduct a statewide recycling needs assessment and report the results of the assessment to the Governor and the General Assembly by July 30, 2024. The [statewide recycling needs assessment](#) was submitted in February 2025. Chapter 431 of 2025 requires that a statewide recycling needs assessment be conducted again in 2034 and at least once every 10 years thereafter.

Composting in Maryland

Chapter 686 of 2013 required MDE to adopt regulations governing the permitting and operation of composting facilities. MDE promulgated the required regulations in 2014 by establishing Chapter 11 under COMAR 26.04, which specifies requirements related to the construction and operation of composting facilities in the State. Pursuant to Chapters 520 and 521 of 2023, MDE must exempt specified operators of on-farm composting facilities from permitting requirements under COMAR 26.04.11.06. MDE has also established a general composting facility permit. By December 1, 2028, MDE is required to submit a report to the General Assembly that analyzes the impact of on-farm composting facilities in Maryland and provides specified information.

Food Waste Diversion

Chapters 439 and 440 of 2021 require certain generators of large quantities of food residuals to separate the food residuals from other solid waste and ensure that the food residuals are diverted from final disposal in a refuse disposal system. The implementation timeline for this requirement was staggered, based on weekly tonnages of food residuals, and began January 1, 2023. MDE promulgated implementing regulations in 2022 by establishing Chapter 13 under COMAR 26.04, which specifies requirements related to the diversion of food residuals from final disposal in a refuse disposal system.

State Fiscal Effect: Because the grant program does not begin until July 1, 2028, this analysis assumes there is no impact on State finances in fiscal 2027.

Maryland Department of Agriculture

Funding for Grant Program: As noted above, beginning in fiscal 2028, the bill establishes a mandated appropriation of \$250,000 annually for the grant program. Because the grant program does not begin until July 1, 2028 (fiscal 2029), it is assumed that MDA uses the fiscal 2028 mandated appropriation to cover its administrative costs to develop the grant program, as discussed in more detail below. Beginning in fiscal 2029, it is assumed that the mandated appropriation is used for grant awards and that additional general funds are needed to cover MDA's ongoing administrative costs. Annual grant awards of \$250,000 represent the minimum amount needed to establish a viable grant program.

In addition to the mandated appropriation, the bill requires MDA, in consultation with MDE, to identify and apply for funding for the grant program. To the extent that MDA is successful in identifying, applying for, and receiving funding from other (non-State) sources (such as federal funds), State revenues increase accordingly, and the need for additional general funds to support MDA's administrative costs may decrease and/or additional funding may be available for grant awards. Because it is unclear what other

sources of funding may be available to support the grant program, any such funding is not reflected in this analysis.

Program Spending: General fund expenditures increase by \$250,000 in fiscal 2028, and by at least \$371,471 annually thereafter. This estimate reflects the cost of hiring one administrator (at the start of fiscal 2028) to develop and implement the grant program. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate also includes grant management software (\$100,000 in fiscal 2028 and \$25,000 annually thereafter) and, beginning in fiscal 2029, \$250,000 in annual grant awards. This estimate is based on the following assumptions and information:

- the administrator is hired on July 1, 2027, one year in advance of the date the grant program begins, in order to begin establishing the program; and
- as discussed above, in fiscal 2028, the mandated appropriation is used for MDA’s administrative costs, and beginning in fiscal 2029, the mandated appropriation is used for grant awards; thus, beginning in fiscal 2029, additional general funds are needed to cover MDA’s administrative costs.

| | <u>FY 2028</u> | <u>FY 2029</u> |
|-------------------------------|-----------------------|-----------------------|
| Position (New) | 1.0 | 0 |
| Salary and Fringe Benefits | \$97,707 | \$93,666 |
| Grant Awards | 0 | 250,000 |
| Grant Management Software | 100,000 | 25,000 |
| Other Operating Expenses | 9,835 | 2,805 |
| Unallocated Funds | <u>42,458</u> | <u>0</u> |
| Total MDA Expenditures | \$250,000 | \$371,471 |

Although this analysis assumes that MDA spends (or encumbers) the entire \$250,000 mandated appropriation in fiscal 2028, the appropriation exceeds MDA’s estimated administrative costs in that year by \$42,458 (shown as unallocated funds above). To the extent that such funds are not expended or encumbered in fiscal 2028, they revert to the general fund. Any such reversion is not accounted for in this analysis.

Future year expenditures reflect (1) a full salary with annual increases and employee turnover; (2) annual increases in ongoing operating expenses; (3) \$25,000 annually for grant management software; and (4) ongoing grant awards of \$250,000 annually.

Maryland Department of the Environment

It is assumed that MDE can consult with MDA to administer the grant program and identify and apply for funding for the grant program as necessary with existing resources.

State Entities as Eligible Grant Recipients

To the extent that a State institution of higher education receives grant funding, grant revenues and expenditures for any such entity increase correspondingly beginning as early as fiscal 2029.

Local Fiscal Effect: To the extent that local soil conservation districts or local institutions of higher education receive grant funding, local grant revenues and expenditures increase correspondingly beginning as early as fiscal 2029.

Small Business Effect: Grant revenues and expenditures for small businesses that are eligible for and receive grants under the bill increase beginning in fiscal 2029. For example, farmers benefit from additional funding to support the adoption of on-farm composting and the sale of composted material.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years; however, legislation with similar provisions has been proposed. For example, see SB 134 and HB 42 of 2025 and HB 1318 of 2024.

Designated Cross File: SB 599 (Senator Hester) - Education, Energy, and the Environment and Budget and Taxation.

Information Source(s): Department of Commerce; Maryland Environmental Service; Anne Arundel, Baltimore, Cecil, Frederick, and Montgomery counties; Northeast Maryland Waste Disposal Authority; Maryland State Department of Education; Baltimore City Community College; University System of Maryland; Morgan State University; Maryland Department of Agriculture; Maryland Department of the Environment; Maryland Department of Labor; Maryland Food Center Authority; Baltimore City Public Schools; Prince George's County Public Schools; Department of Legislative Services

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