



# Maryland Department of Agriculture

*Office of the Secretary*

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Industry

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## Maryland Department of Agriculture

### **Fiscal Year 2025 Capital Budget Response to Department of Legislative Services Budget Analysis**

**House Appropriations Committee  
Capital Budget Subcommittee  
Delegate Mark Chang, Chair  
February 19, 2024**

**Senate Budget and Taxation Committee  
Capital Budget Subcommittee  
Senator Craig Zucker  
February 20, 2024**

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#### **PAYGO Recommended Actions**

Concur with the Governor's allowance of \$36.493,015 million in special funds for the Maryland Agricultural Land Preservation Foundation

**Agency Response: MDA accepts this recommendation**

#### **GO Bond Recommended Actions**

Reduce the general obligation bond authorization for the Maryland Agricultural Cost-Share Program by \$3,000,000.

**Agency Response: MDA respectfully disagrees with this recommendation.** Given the number of anticipated requests and focus on particular areas and practices, MDA anticipates the program will need the full \$8 million for FY '25. Component costs for best management practices have increased dramatically since 2020. In order to address cost increases and continue to make progress in meeting WIP goals, MDA increased cost share rates to 100% for priority Best Management Practices. BMP's such as Ag Drainage Management practices are very costly to implement but are highly effective in reducing nitrogen loads to the Chesapeake Bay.

In FY '22 and '23, MDA encumbered over \$9.6 million each year for MACS projects on farms. A \$3 million cut could have negative implications to Maryland agriculture meeting its WIP goals, which impacts the health of the Chesapeake Bay, how we effectively meet our Bay goals as a State, and improving water quality for all of our watersheds. Additionally, MDA is working on a pilot program to target areas that are considered heavy nutrient loads to the Bay. Adding a targeted watershed approach to our current MACS Program will require full funding to best meet Maryland's agricultural WIP goals.

**MDA does not concur with the suggested action and urges the committee to reject the recommendation.**

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**DLS Question: DLS recommends that MDA comment on the lack of a substantial increase in the percentage of natural filters practices being implemented, despite the 100% cost coverage provided by MACS in Chapter 120 and the impact of Chapter 120 sunseting at the end of fiscal 2026. DLS also recommends that MDA comment on why MACS funding is not being spatially targeted to high nutrient and sediment loss agricultural operations at the farm or field level.**

**Agency Response:** The Maryland Department of Agriculture has a long history of providing technical and financial assistance to address resource concerns on agricultural land in Maryland. As every farm has unique soil, topography, and management characteristics, individual Soil Conservation and Water Quality Plans are developed to assist agricultural producers and landowners implement the most appropriate Best Management Practices on their particular farms. While the recent increase in 100% cost coverage has provided additional incentive to implement natural filter practices, it is important to note that payments made by the MACS Program are limited to only those costs realized as a result of implementing the practice. The MACS Program is not authorized to further incentivize conservation practices utilizing capital funds. Despite offering 100% reimbursement for the cost of installation, farmers may be unwilling to take productive farmland out of crop production as this may affect overall farm profitability. This may explain why there has not been a substantial increase in the implementation of natural filter practices. Further, the sunseting of Chapter 120 at the end of fiscal 2026 returns the program to a maximum of 87.5% reimbursement rate for BMP implementation. This may reduce program participation and practice adoption rate as a greater portion of implementation costs will present additional financial burden to farmers.

The Department does spatially target funding for the MACS Program as outlined in program regulation. In addition to identifying certain priority watersheds throughout the State, only those

farms located in a priority area designation are eligible for program funding. Further, the Department considers the following farm/field level criteria:

- Whether the area has a serious soil loss due to sheet, rill, gully, or wind erosion
- Whether the area has severely eroded soils as designated by erosion symbol 3 in the county soil survey
- Whether the area is designated as a land use capability class IIIe or higher, including all areas in class C slopes or greater, as designated by the county soil survey
- Whether the area is included in a land use capability subclass S, as designated by the county soil survey
- Whether critical conditions exist near the surface waters of the State.

To further prioritize BMP implementation, the program is collaborating with conservation partners to develop additional incentive packages within target areas, such as the Critical Area, that are considered heavy nutrient loads to the Bay.