

Maryland Agricultural and Resource-Based Industry Development Corporation


MARYLAND AGRICULTURAL COMMISSION
DECEMBER 13, 2023



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Executive Director*

MARBIDCO

Overview of Today's Presentation

1. A very brief overview of Maryland agriculture (and other resource-based industry) today and why MARBIDCO was created more than 17 years ago, with an overview of how we are organized and operate.
 1. A brief look at the economic impact of Ag/RBI has in Maryland, as well as a review of MARBIDCO's overall success in fulfilling its mission and share some results for our record-setting year in FY 2023 (last year).
 1. Finally, we will dig in a little bit into MARBIDCO's current financial programs and take some questions – and perhaps hear from you as to how we can better achieve more in helping the next generation of food / fiber producers and processors.
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MARBIDCO HITS RECORD \$100 MILLION IN FINANCING



MARBIDCO hit an amazing milestone in June 2023 of funding **\$100,000,000** in farm and rural business financings, since its founding in 2007. Altogether, more than 1,200 agribusiness project have been supported with financial capital provided by MARBIDCO.

MAP: Number of Projects Funded by County 2007-2023. Totals include loans, grant incentives, and Next Gen purchases.

Projects Funded by County:

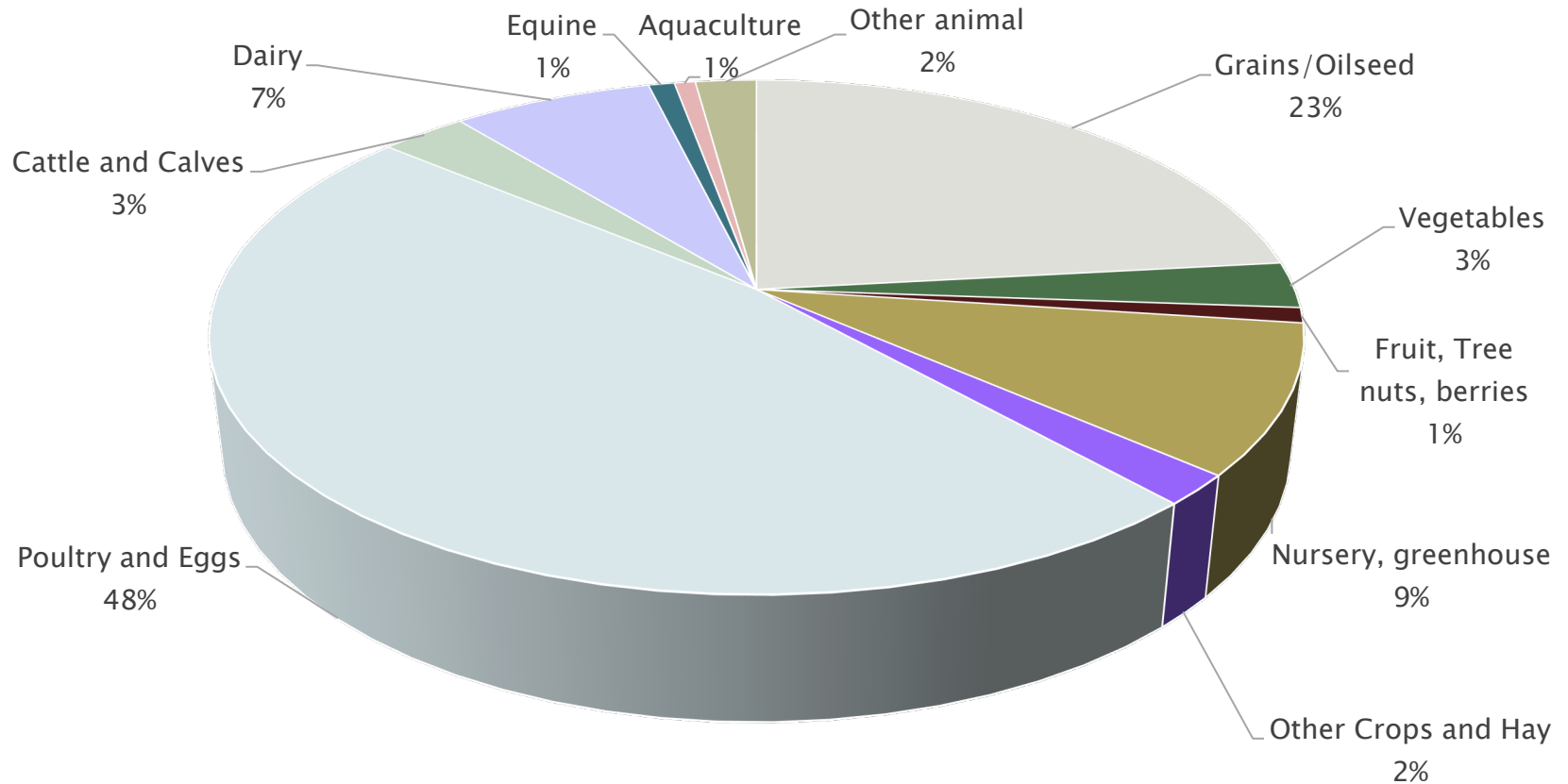
Allegany	10	Carroll	46	Harford	24	Somerset	44
Anne Arundel	38	Caroline	78	Howard	34	St. Mary's	87
Baltimore	44	Charles	26	Kent	34	Talbot	59
Baltimore City	22	Dorchester	126	Montgomery	78	Washington	60
Calvert	26	Frederick	80	Prince George's	26	Wicomico	66
Cecil	38	Garrett	28	Queen Anne's	66	Worcester	65

Importance of Maryland Farm and Resource-Based Business

- ▶ **Resource-based industries are important to all Marylanders** (which includes commercial farming, forestry and seafood businesses).
- ▶ **It's more than just economics:** Every Marylander needs adequate food (and shelter, clean water, energy, etc.) – mostly provided from “rural” resources.
- ▶ **Half of the State's land area is comprised of privately-owned rural “working land”** (3.4 million acres out of 6.2 million total).
- ▶ **Ag/RBI is also important to our culture, heritage, tourism and overall quality of life.**
- ▶ **Resource-based industries underpin the economies of many rural counties.** (Especially in Western Maryland and the Eastern Shore, where these industries are estimated to comprise approximately one-third of all economic activity).

Maryland Agriculture at a Glance

(Based on Sales, from the 2017 USDA Census of Agriculture)



(NOTE: Forestry and Seafood are mostly Not included.)

Maryland Agriculture at a Glance

- ▶ **Number of farms in Maryland in 2017: 12,429**
- ▶ Land in farms: 1,990,112 acres (Average size = 160 acres)
- ▶ **Principal farm producers:**
(Previously called “operators”)
Principal producers in 2012: Male- 9,980 (81.3%) Female- 2,296 (18.7%)
Male – 8,748 (70.4%)
Female – 3,681 (29.6%)
- ▶ Farming is primary occupation (out of 12,429): **5,948 (47.9%)**
- ▶ Number of all Maryland farm producers: 21,279
Number of all Maryland farm producers in 2012: 19,055
- ▶ All farm producers by sex: Male – 13,131 (61.7%)
(Up to max 4 farmers per farm) Female – 8,148 (38.3%)
- ▶ **Average age of the Maryland farmer: 57 years old**
- ▶ **Average age of MD Beginning farmer: 45 years old**
- ▶ Market value of Maryland ag products: \$2.47 billion

Source: 2017 Census of Agriculture

Maryland Farmland Stats 2017 (versus 2012)

- ▶ **Number of farms in MD** in 2017 (2012): **12,429** (12,256)
- ▶ **Land in farms** in 2017 (2012): **1,990,112 ac.** (2,030,745 ac.)
- ▶ **Average farm size** in 2017 (2012): **160 acres** (166 acres)
- ▶ **Average farmland value/acre** in 2017 (2012): **\$7,861** (\$6,930)

<u>Farms by Size</u>	<u>Number</u>	<u>% of Total</u>	<u>Cum.%</u>
1 to 9 acres	2,244	18	18
10 to 49 acres*	4,559	37	55
50 to 179 acres	3,332	27	82
180 to 499 acres	1,402	11	93
500 to 999 acres	490	4	97
1,000 plus acres	402	3	100

- *Small Acreage Next Gen Program target range
- Source: USDA 2017 and 2012 Census of Agriculture

Maryland Ag/RBI Economic Impact

- ▶ Salisbury University's BEACON research unit last year released a county-by-county economic impact study of all resource-based industries (Ag/RBI) in Maryland. **The economic impact of all Ag/RBI in Maryland in 2019 (Pre-Pandemic) totaled \$20.2 billion.**
- ▶ The economic output of RBI industries is equivalent to 5.2% of Maryland's personal income and 4.7% of Maryland's gross domestic product (GDP). Total jobs supported by RBI activities equal 2.7% of Maryland's total employment.
- ▶ **Of the Food, Feed, and Fiber production and processing industries –** MARBIDCO's exclusive area of mission focus – accounted for:
 - **\$20.2 billion in economic activity,**
 - **88,600 supported jobs, and**
 - **over \$755.2 million in State and local tax revenue.**
- ▶ **Equine (horses) represents \$2.1 billion in economic impact** with some overlap with the agriculture and agriculture support industries.

Source: BEACON Economic Impact Report (Salisbury University), 2022

Food, Feed and Fiber Industries

Maryland's Food, Feed, and Fiber Production and Processing Industries include agriculture, forestry, seafood, aquaculture and horticulture, which **generated at least \$20.2 billion in economic activity in 2019** (with partially overlapping economic impact from equines/horses for agriculture). Below is a breakdown by sector:

- ▶ **Maryland's Agricultural Industry**

- Economic Contribution of **\$16.5 Billion** (Percent of Total: 82.0%)
(Additional/Overlapping Equine Industry economic contribution: \$2.1 Billion)

- ▶ **Maryland's Forestry Industry**

- Economic Contribution of **\$3.3 Billion** (Percent of Total: 16.6%)

- ▶ **Maryland's Seafood Industry** (which includes some Aquaculture)

- Economic Contribution: **\$288.8 Million** (Percent of Total: 1.4%)

Source: BEACON Economic Impact Report (Salisbury University), 2022

BEACON Regional Economic Impacts in 2019

▶ Western Maryland (5 Counties)

- Economy Contribution: \$3,627,845,926
- **Percent of Ag/RBI Economy Contribution: 18.0%**
- Jobs Supported: 19,186
 - Percent of Jobs Supported: 21.7%
- State & Local Tax Revenue: \$154,287,750
 - Percent of State & Local Tax Revenue: 20.4%

▶ **Central Maryland (5 Counties, including Baltimore City)**

- Economy Contribution: \$9,138,544,217
- **Percent of Ag/RBI Economy Contribution: 45.3%**
- Jobs Supported: 33,126
 - Percent of Jobs Supported: 37.4%
- State & Local Tax Revenue: \$323,408,934
 - Percent of State & Local Tax Revenue: 42.8%

▶ Southern Maryland (5 Counties)

- Economy Contribution: \$1,803,602,328
- **Percent of Economy Contribution: 8.9%**
- Jobs Supported: 11,078
 - Percent of Jobs Supported: 12.5%
- State & Local Tax Revenue: \$96,906,204
 - Percent of State & Local Tax Revenue: 12.8%

▶ Eastern Shore of Maryland (9 Counties)

- Economy Contribution: \$5,584,924,742
- **Percent of Economy Contribution: 27.7%**
- Jobs Supported: 25,220
 - Percent of Jobs Supported: 28.5%
- State & Local Tax Revenue: \$180,587,786
 - Percent of State & Local Tax Revenue: 23.9%

Challenges Facing Agriculture and Traditional Rural Industry

- ▶ **An Aging Workforce** and the concern about the future of the “Next Generation” of farmers (avg. age = 57) and watermen, loggers, etc.
- ▶ **Loss of Rural Working Land** (farm and forest) to development.
- ▶ **Lack of Access to Available and Affordable Business Capital** for these typically small, family-run enterprises (and especially young/beginning farmers and farmers trying to diversify their operations to help sustain or increase income and profitability).
- ▶ **MARBIDCO focuses on supporting food and fiber production and processing in Maryland** in all its facets, and in the process keeping land and water resources productive/sustainable, i.e., “working”.
- ▶ **Often quoted phrase: “The best ag land preservation program is a profitable farm operation.”** (Suggesting that most farmers will want to pass down their farmland to the next generation, if at all possible, meaning that one or more children see a viable future in farming.)

Key MARBIDCO Functions

- ❖ **MARBIDCO is authorized to** (via legislation enacted in 2004/2005):
 - 1) Help develop food, feed and fiber production industries and markets;
 - 2) Assist with rural working land preservation efforts; and
 - 3) Alleviate the shortage of nontraditional capital and credit available at affordable interest rates.
- ❖ **MARBIDCO is a nimble financial intermediary organization that “works at the speed of business.”**
- ❖ Today, MARBIDCO offers **20 financial programs**, often working in conjunction with commercial lenders. A majority of these are low- or moderate-interest loan programs, but MARBIDCO does provide a few small incentive grants for targeted activities as resources permit. (And the 2 Next Gen farmland programs too!)
- ❖ MARBIDCO also facilitates **“silo connecting”** among public and private sector service providers to leverage knowledge and develop provider network connections (usually as a convener).

MARBIDCO Partners

- ▶ **Commercial Banks & Farm Credit System**
(Note: there are 3 Farm Credit Associations serving different regions in Maryland)
- ▶ **State Agencies** (MDA, DNR, Commerce, UME, MEA, RMC, etc.)
- ▶ **USDA** (FSA, Rural Development, & NRCS)
- ▶ **Rural regional tri-county development councils**
(the five “tri-county councils” including SMADC)
- ▶ **Local economic development and land preservation offices**
- ▶ **Farm and forestry organizations** (including commodity and table crop producers)
- ▶ **Maryland Agricultural Land Preservation Foundation (MALPF)**
- ▶ **Private foundations and local rural (and now urban) land trusts**

MARBIDCO Board of Directors (17 Members):

1- MD Dept. of Agriculture / 2- Dept. of Natural Resources / 3- Dept. of Commerce / 4- University of MD Extension / 5- MD Food Center Authority / 6- Rural MD Council

Governor appoints 11 members (with MD Senate approval) from: Agriculture, forestry, aquaculture, seafood, value added processing, commercial lending, and rural economic development.

Business Activity for MARBIDCO Eligibility Includes:

- ❖ **Food/Feed Production and Processing, including:**
 - commodity crops (includes human food & animal feed)
 - table crops (includes vegetables, fruits & specialty crops)
- ❖ **Seafood & Aquaculture** (commercial fisheries, farm-raised fish/ shellfish, & related commercial seafood processing)
- ❖ **Horticulture (greenhouse/nurseries) and equine (horses)**
- ❖ **Fiber production/processing:**
 - timber/wood products (lumber, pallets, flooring, pulp, paper, etc.)
 - wool (from sheep & alpacas)



Maryland's Food System Continuum

From A Public Sector Small Business Development Finance Perspective

Food Production and Processing

Small Business Lending: **MARBIDCO** and USDA

**Growing and/or
Harvesting Food
Products**

**Food Processing
(Preservation, Packing
and/or Value-Added
Production)**

- Commercial Farms
- *Table Crops
(Fruits & Vegetables)*
- *Grains (Corn,
Soybeans & Wheat)*
- *Livestock/Dairy*
- Aquaculture
- *Oyster Farms*
- *Other Shellfish/Finfish*
- Seafood Industry
- *Watermen*

- Packing Houses
- Canneries
- Seafood Processors
- Meat Processors
- Granaries
- Aggregation and Storage
- Farm Value-Added
- *Prod. Transformation
(Drying, Processing,
or Packaging)*
- *Creameries*
- *Cideries, Wineries &
Breweries*

Wholesale Distribution

Food Distribution

Small Business Lending: MSBDFA, DHCD, SBA, VLT, Local Government Revolving Funds, etc.

Retail Business

Food Recovery/Reuse

Food Service Companies

- Grocery Stores
- Restaurants
- Convenience Stores
- Bakeries
- Mainstreet Food & Beverage Businesses

- Food Recycling Firms
- Post-Consumer
- *Composting*

Entities that do not use commercial loans

Farmer's Markets

Food Pantries



MARBIDCO “Capitalization”



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MARBIDCO is designed as a nimble and collaborative quasi-governmental service provider focused exclusively on enhancing the viability and sustainability of Maryland ag and resource-based businesses, with an ancillary objective to help facilitate the preservation of rural working land for the additional benefit of future generations.

State Funding began with the ***Agricultural Stewardship Act of 2006*** (HB 2)

- **MARBIDCO Finally Opens in the Spring of 2007** – This landmark legislation originally mandated \$4.0 million annually for MARBIDCO’s **“Core Programs** – until 2020 only, **after which time MARBIDCO is required by law to be fully self-sustaining.** However, the Great Recession happened, and subsequent legislative actions stretched out the MARBIDCO capitalization by providing \$2.3 million until FY 2025.
- The 2006 bill also first authorized MARBIDCO’s **“Next Generation Farmland Acquisition Program”** – but with no funding actually provided until FY 2018, as part of Program Open Space repayment legislation.
(Legislation passed in 2022 and 2003 provided Next Gen Program funding for about two more years.)

MARBIDCO's programming fall into three broad categories

- ❖ Core Rural (and urban/suburban) Ag/RBI Business Development (11)
 - Several loan and grant financing programs that are funded as a result of the *Agricultural Stewardship Act of 2006*
- ❖ Higher Risk Specialty Lending (and some modest grant-making) (7)
 - Revolving loan programs that are funded by partnering agencies for targeted purposes (e.g., Livestock processing, farm energy efficiency, shellfish aquaculture, and So. MD revolving ag loans)
- ❖ Rural Land Preservation Facilitation (2 programs)
 - Land conservation easement purchase-related programs that are funded from transfer taxes or other funds
 - **Next Generation Farmland Acquisition Program** (which is both a Young/Beginning Farmer land purchase assistance program and a rural land preservation program) and the new “**Small Acreage**”
Next Generation Farmland Acquisition Program

Overview of Results to Date

- ▶ **476 Loans** Closed (or approved awaiting settlement)
 - Over **\$79.2 million** in total loan volume.
 - Over **\$215.9 million** in commercial lender leveraged
 - Some **319 young or beginning farmers** assisted
 - Loan approvals for qualified borrowers took an average of just **18.1 days** to process, credit underwrite, obtain board approval and issue a commitment for financing (FYs 2019–2023).
- ▶ **730 Targeted Rural Business Incentive Grants** Awarded
 - Over **\$8.5 million** in total grants awarded (includes nearly \$4.0 million in pandemic-related grants). About **\$4.5 million** is nonpandemic-related.
 - Aimed at farm energy efficiency, farm viability, value-added processing, cold storage, and supporting county and regional agricultural development efforts (plus pandemic adjustment),
 - **297 Young/Beginning farmers** have been assisted with incentive grants.
- ▶ **44 Farmers approved for \$12.5 million in farmland purchases** through the Next Generation Farmland Acquisition Program and Small Acreage Next Generation Farmland Acquisition Program (SANG).

MARBIDCO Loan Portfolio Performance Statistics

- ▶ Total amount of all loans approved/settled since 2007: 476
- ▶ Total amount of all loans made since 2007: \$79,237,745
- ▶ Number of loans fully paid back in-full thus far: 225 (47%)
- ▶ Number of open accounts and loans waiting to settle: 251
- ▶ Total amount of booked loans outstanding: \$36,001,967
- ▶ Number of loan foreclosures thus far: just 7 borrowers
- ▶ Total actual loan losses incurred since 2007: \$1,098,997 (1.4%)
(Target loan loss rate for well-managed revolving fund = 5% to 7%)
- ▶ Current MARBIDCO loan loss reserve (risk-rated): 2.58%

MARBIDCO Statewide Program Activity (FY 2007 to Present)

Program Type	# Projects Funded	Amount	Average
Core Loans	335	\$72,776,883	\$217,244
Specialty Loans	141	\$6,460,862	\$45,822
Core Grants	350	\$3,214,577	\$9,185
Specialty Grants	71	\$1,370,482	\$19,303
Pandemic and Relief Grants	309	\$3,977,677	\$12,873
Land Acquisition & Pres. (Next Gen and SANG)	44	\$12,518,345	\$284,508
Total	1,250	\$100,318,826	

MARBIDCO Loan and Grant Activity (FY 2007–Present) By Region

Region	Loans		Grant Incentives		Next Gen Program or SANG Purchases	
	No Funded	Amount	No Funded	Amount	No Funded	Amount
Central MD	27	\$2,752,150	178	\$1,898,097	3	\$583,074
Eastern Shore	328	\$63,946,392	240	\$2,595,778	15	\$4,420,794
Southern MD	73	\$6,764,356	133	\$1,423,851	5	\$1,397,311
Western MD	48	\$5,774,847	157	\$1,880,409	21	\$6,117,166
Regional or Statewide	0	\$0	22	\$764,600	0	\$0
Totals*	476	\$79,237,745	730	\$8,562,735	44	\$12,518,345

Western Maryland: Allegany, Carroll, Frederick, Garrett and Washington Counties

Central Maryland: Baltimore City and Baltimore, Harford, Howard and Montgomery Counties

Southern Maryland: Anne Arundel, Calvert, Charles, Prince George's and St. Mary's Counties

Eastern Shore: Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico and Worcester Counties

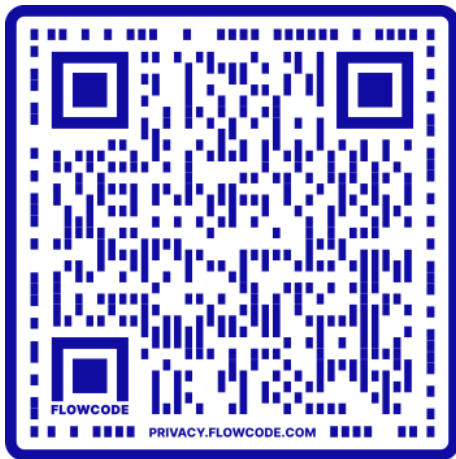
FY 2023 – A Record Year!

- **MARBIDCO experienced a record level of loan making in FY 2023, with 64 commercial loans made totaling \$9,820,241. Adding all the loan and grant incentive programs together, MARBIDCO approved 126 projects with a dollar volume of \$14,0883,640 (which is also a single year funding record!). **PLEASE SEE THE ANNUAL REPORT.****
- **MARBIDCO's "Core" Programs Capitalization continues to be on a full self-sustaining track after FY 2025 with the final level of planned appropriation next year (of \$2.3 million)!**



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So that's a brief review of MARBIDCO's organizational design and accomplishments. Let's move on to briefly look at the financial programs that MARBIDCO offers today.



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New Programs in FY 2023 & FY 2024

- ▶ **FY 2023** (with 18 MARBIDCO financing programs offered in total)
 - ▶ 3 New Specialty Loan and Grant Incentive Programs (MD-funded)
 - Maryland Watermen’s Microloan Program
 - Livestock Processing Grant Program
 - Wood Products Industry Equity Investment Grant Program (“Wippie” supports the Economic Adjustment Strategy)

- ▶ **FY 2024** (with 20 financing programs now offered altogether)
 - ▶ 2 New Specialty Loans Programs
 - Maryland Oyster Shucking House Loan Program (MD)
 - Maryland Livestock Processing Loan Program (USDA)

New Programs Launched in FY 2024

(Continued)

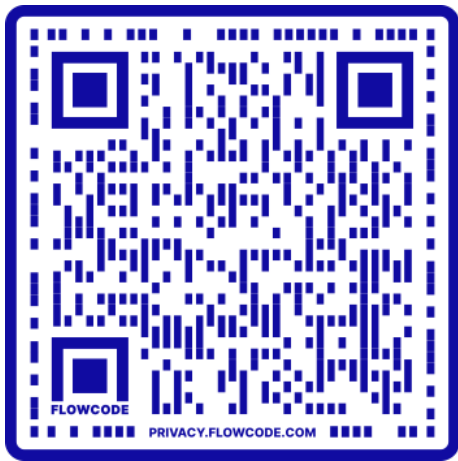
- ▶ **Maryland Oyster Shucking House Loan Program**
 - Loan program to help finance eligible seafood processing projects, including historic oyster shucking facilities and to facilitate an increase in the amount of oyster shells returned to the Chesapeake Bay. (MARBIDCO is coordinating with DNR on shell returns.)
 - Proceeds can be used to renovate, construct or expand an oyster processing facility or purchase oyster processing equipment.
 - Loan amounts between \$25,000 and \$250,000 based on \$25,000 for every full-time job to be created or retained at the facility
 - Eligible applicants must have been a licensed Maryland Seafood Dealer for at least five years OR be a TFL-holder for at least five years and agree to obtain a Seafood Dealer License if approved.
 - FY 2024 - A \$1 million one-time appropriation was provided.

New Programs Launched in FY 2024

(Continued)

- ▶ **Maryland Livestock Processing Loan Program**
 - **MARBIDCO** was recently awarded a competitive **USDA Meat and Poultry Intermediary Lending Program Grant** of **\$3.8 million** to establish a new revolving loan fund (with a \$1.3 million match of MARBIDCO core funding pledged).
 - This **new \$5 million special loan program fund** will offer large loans to purchase equipment and/or upgrade small- and medium-sized facilities to increase processing of livestock (e.g., hogs and cattle) at USDA inspected facilities to cut down on long farmer wait times. **Includes blue catfish too!**
 - Loan amounts between **\$250,000 and \$2,500,000** in size.
 - MARBIDCO will provide an **equity matching contribution matching up to 10%** of the project costs – max of \$250,000 (using Livestock Processing Grant Program funds).

Please see the separate document that has been provided for a complete list of MARBIDCO's financial assistance programs. THANK YOU!



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