Dear Chairperson Kumar Barve and Members of the House Environment and Transportation Committee:

The Maryland Clean Agriculture Coalition members signed above ask your support for the Bay Tax Equity Act so that taxpayers will no longer be shouldering the majority of the burden to clean up the poultry industry’s pollution of our waters.

One of the most equitable changes to farming that Maryland can pursue to help achieve a healthy Bay and local waterways is to place responsibility on corporate agriculture for the waste and pollution it generates. It is the company that owns the poultry that produces the polluting manure. The company also reaps the lion’s share of the profits. Simply stated, it is only fair that the corporation be held responsible for the pollution its product creates.

At the center of this waste management pollution problem is the 228 million tons of excess manure generated by the chickens owned by the four major poultry companies on Delmarva. As discussions about the Phosphorus Management Tool have risen to the forefront, you have heard testimony from experts about the overwhelming problem of poultry waste pollution in the Chesapeake Bay and its tributaries. According to BayStat, which tracks Bay restoration efforts, approximately half the pollution flowing into Chesapeake Bay and its tributaries comes from agricultural operations. EPA data states that the agriculture industry contributed 57% of the phosphorus pollution, 42% of the nitrogen, and 59% of the sediment in the Bay in 2013.

In its 2014 State of the Bay report, the Chesapeake Bay Foundation concluded the D+ Watershed is "a system dangerously out of balance, a system in crisis." The report states that, “reducing pollution from agriculture remains the region's biggest challenge.”

Industrial scale poultry production is expanding on the Lower Eastern Shore. There are pending permit applications for CAFOs (“Confined Animal Feeding Operations,” that could add another 17 million chickens and a huge burden of added manure pollution that taxpayers and farmers will have to clean up.
This legislation seeks to answer the critical question: Who is accountable for addressing this challenge? Is it just the taxpayers—or should the industry itself be contributing to cleanup efforts?

Marylander taxpayers already dedicate millions of dollars in tax credits and subsidies to fund farmer efforts to reduce poultry manure pollution from the half billion chickens owned by Perdue and other billion dollar companies raised every year on the Shore. But numerous studies show that Bay pollution from manure is getting worse, not better.

- Half of the farm fields in our state have been shown to have excessive manure applications, including more than 80% on the Eastern Shore.

- A new interactive map from the Center for Progressive Reform (CPR) and the Chesapeake Commons demonstrates that all but one industrial-scale chicken farm on Maryland’s Eastern Shore reported having at least one field saturated with “excessive” soil phosphorus from the spreading of manure.

- In 2013, one out of every three farms that actually was audited by the Maryland Department of Agriculture had major violations of their nutrient management plans and a quarter remained out of compliance even after follow up visits. (Baltimore Sun: “Maryland's farm oversight called weak,” February 2, 2013).

Tax credits, subsidies and other incentives for the poultry industry are overwhelming:

- According to the Maryland Dept. of Budget and Management, between 2008 and 2010 Perdue, with annual sales of $4.8 billion, was paid $2.5 million by the Manure Transport Program to remove waste from its contract farms.

- Tufts University estimates that the chicken industry alone saved $1.25 billion in feed costs from 1997 to 2005 just from taxpayer-funded subsidies.

- As demand for chicken meat remains far below the number of birds who are actually being raised and killed, rather than allowing the market to adjust to basic supply and demand principles, in 2013 the U.S. Department of Agriculture announced it would purchase 138.7 million pounds of surplus chicken leg quarters sitting in cold storage to help ease the surplus. The dollar amount was not disclosed.

- According to The Wall Street Journal, the buyout, combined with a similar bonus government purchase in 2012, "gives producers an extra $86 million in government chicken purchases above the roughly $100 million the USDA buys in scheduled chicken purchases for a year."

- The poultry industry receives billions in indirect agricultural subsidies that artificially reduce the cost of the most expensive part of their business: corn and soy grown to feed these billions of birds. The Global Development and Environment Institute at Tufts University estimates that the broiler chicken industry alone saved $1.25 billion in feed costs from 1997 to 2005 just from taxpayer-funded subsidies.

- Last October, the Maryland Department of Agriculture awarded a $970,000 grant to Biomass Heating Solutions, Inc. (BHSL), for a manure-to-energy project.
In 2012 the Maryland legislature enacted laws requiring households in the state to pay $60 annually into the Bay Restoration Fund (BRF) to help upgrade waste treatment systems. However, 40% of the funds collected from septic uses (about $11 million) don’t go to the critical need to upgrade septic systems, but are redirected to pay for the Md. Dept. of Agriculture’s Cover Crop program, a $20 million per year initiative designed largely to address the massive amounts of chicken feces pollution produced on the Eastern Shore.

The Bay Tax Equity Act requires large poultry producers to contribute to this successful program by making a five-cents-per-bird payment to the Bay Restoration Fund for each chicken an integrator provides to a farmer. The costs to the integrators could not be passed back to the contract farmers. The estimated monies collected would be $13 million the first year and $15 million thereafter. The $11 million in taxpayer dollars to the Bay Restoration Fund currently allocated to cover crops would go back into dealing with septic upgrades.

Many proposals to reduce pollution from agriculture involve additional tax credits and subsidies for farmers, but few ask the large chicken companies to contribute. It makes no sense to burden the responsibility of manure cleanup solely on the backs of farmers with the cost assumed by taxpayers. Farmers contract to grow birds owned by these companies, and to raise these birds according to strictly established standards—standards that detail everything except what to do with the 228 million tons of excess waste the birds generate each year.

Perdue Farms, Inc. took in $4.8 billion in profits last year alone—profits that are not shared to scale with the farmers who raise its birds. Complaints by farmers regarding the cost of doing business to raise birds are not unfounded. It is, indeed, an expensive business with far too much burden shouldered by the contract farmers. Perdue can afford to pay to cleanup the waste its industry generates.

The agriculture industry in Maryland makes up only a tiny percentage (0.35 percent) of the state's GDP and Perdue and its poultry operations make up only a very small part of that already-minuscule percentage. But the industry does provide jobs on chicken farms, and in slaughterhouses, construction and trucking, according to industry estimates. The environmental community cares about not just the land and waters in our state but the people who live here, who breathe the air, who swim in the waters. We are sensitive to the needs of people to find work where they live and feed their families.

For the reasons stated above, the aforementioned member organizations of the Maryland Clean Agriculture Coalition ask this committee to support House Bill 886.

For more information, contact: Dawn Stoltzfus, coordinator, Maryland Clean Agriculture Coalition, at 410-990-0284 or dawn@thehatchergroup.com

The Maryland Clean Agriculture Coalition is working to improve Maryland waterways and protect public health by reducing pollution, and increasing transparency and accountability, from agriculture and other associated sources of water degradation.

www.marylandcleanagriculture.org
@CleanerMDfarms