

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 909 (Delegate Schmidt)
 Ways and Means

Sales and Use Tax - Cut Flowers - Exemption

This bill exempts the sale of cut flowers by a farmer from the State sales and use tax. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: General fund revenues decrease by \$89,100 in FY 2027 and Blueprint for Maryland’s Future Fund (BMFF) revenues decrease by \$12,300. Future year decreases reflect forecasted sales and use tax growth rates. Expenditures are not affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GF Revenue	(\$89,100)	(\$94,400)	(\$100,000)	(\$106,000)	(\$112,300)
SF Revenue	(\$12,300)	(\$13,000)	(\$13,800)	(\$14,600)	(\$15,500)
Expenditure	0	0	0	0	0
Net Effect	(\$101,300)	(\$107,400)	(\$113,800)	(\$120,600)	(\$127,800)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The sale of cut flowers is subject to the State sales and use tax.

State Sales and Use Tax

The general State sales and use tax rate is 6%. Higher sales and use tax rates apply to the retail sale of alcoholic beverages and adult-use cannabis, which is taxed at 9% and 12%, respectively.

The sales and use tax is the State’s second largest source of general fund revenue, accounting for approximately \$6.1 billion in fiscal 2026 and \$6.2 billion in fiscal 2027, according to the December 2025 revenue forecast. **Exhibit 1** shows the sales and use tax rates in surrounding states and the District of Columbia.

Exhibit 1
Sales and Use Tax Rates in Maryland and Surrounding States

Delaware	0.0%
District of Columbia	6.0%; 10.0% for liquor sold for on-the-premises consumption and restaurant meals; 10.25% for alcoholic beverages for consumption off the premises, tickets to specified sporting events, and specified rental vehicles; 8.0% for specified soft drinks; 14.95% for transient accommodations; 18.0% for motor vehicle parking in commercial lots
Maryland	6.0%; 9.0% for alcoholic beverages; 12.0% for adult-use cannabis
Pennsylvania	6.0% plus 1.0% or 2.0% in certain local jurisdictions
Virginia*	5.3%; 1.0% for eligible food items; 1.0% for specified essential personal hygiene items
West Virginia	6.0% plus 1.0% in specified municipalities

* An additional state tax of (1) 0.7% is imposed in localities in Central Virginia, Northern Virginia, and the Hampton Roads region; (2) 1.0% in Charlotte, Gloucester, Halifax, Henry, Northampton, Patrick, and Pittsylvania counties, and the City of Danville; and (3) 1.7% is imposed in James City County, York County, and Williamsburg (Historic Triangle). The sales and use tax rate for food and personal hygiene products decreased to 1.0% as of January 1, 2023.

Blueprint for Maryland’s Future Fund

Chapter 33 of 2022 altered the distribution of sales and use tax revenues beginning in fiscal 2023. Chapter 33 requires the Comptroller, after making certain other distributions, to pay to BMFF the following percentage of the remaining sales and use tax revenues:

- 9.2% for fiscal 2023;
- 11.0% for fiscal 2024;
- 11.3% for fiscal 2025;
- 11.7% for fiscal 2026; and
- 12.1% for fiscal 2027 and each subsequent fiscal year.

Chapter 33 also repealed the distribution of sales and use tax revenues to the BMFF from marketplace facilitators, certain out-of-state vendors, and specified digital products or digital codes.

State Fiscal Effect: Providing a tax exemption on the sale of cut flowers sold by a farmer may reduce total State sales and use tax revenues by approximately \$101,300 beginning in fiscal 2027. Future year revenues are projected to decrease by \$127,800 by fiscal 2031. This estimate is based on the following facts and assumptions:

- The National Agricultural Statistics Service reports that sales of cut flowers in Maryland totaled approximately \$1.4 million in 2023.
- Sales of cut flowers are estimated to increase by approximately 6.0% annually.

The estimate assumes the sales and use tax exemption only applies to the sale of cut flowers made by Maryland farmers. To the extent that the exemption applies to sales made by farmers out of the State, revenues will decrease accordingly.

As noted, Chapter 33 altered the distribution of sales and use tax revenues beginning in fiscal 2023. Therefore, any decrease in sales and use tax revenues will also reduce BMFF revenues. Based on the estimate above, general fund revenues decrease by \$89,100 in fiscal 2027 and BMFF revenues decrease by \$12,300.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 461 and SB 460 of 2025.

Designated Cross File: None.

Information Source(s): Comptroller's Office; Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2026
jg/hlb

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