



DELMARVA POULTRY INDUSTRY, INC.

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Date: March 2, 2020
To: Members of the House Ways and Means Committee
From: Holly Porter, Executive Director
Re: HB 1628 – Sales and Use Tax – Rate Reduction and Services – **Oppose**

Delmarva Poultry Industry, Inc. (DPI), the 1,700-member trade association representing the meat-chicken growers, processing companies and allied business members on the Eastern Shore of Maryland, the Eastern Shore of Virginia, and Delaware opposes HB 1628 and urges an unfavorable committee report.

HB 1628 would decrease the Maryland sales and use tax from 6% to 5%, however it would expand the 5% sales tax to professional services that have never been taxed before.

DPI represents more than 600 small businesses in Maryland, from chicken growers to allied businesses that helped create a \$1.8 billion of economic impact on Maryland's Eastern Shore in 2018. This is an industry that also paid more than \$141 million in state and local taxes. Adding another layer of taxes to these businesses is not good for our economy.

These small businesses rely on the professional services of accountants, lawyers, tax providers, as well as many licensed services such as mechanics, electricians, pesticide consultants nutrient management consultants and more. The additional taxes on service will be not only an increase to the expenses of the small businesses but may encourage people to seek services in neighboring states that do not have a tax on those services. This will lead to a trickle effect of Maryland businesses competing with other states.

DPI is supportive of a strong school system, especially specific to the wide range of education and job training that is needed in the chicken industry. However, we have grave concerns about the funding for the education coming from everyday services that are going to impact small business owners in Maryland, especially on the Eastern Shore of Maryland where so much of our economy is based on small businesses.

We urge an unfavorable vote on HB 1628.

Should you have any additional questions, please feel free to contact me at porter@dpichicken.com or 302-222-4069 or Nick Manis, Manis Canning & Associates, 410-263-7882.