



Maryland Farm Bureau, Inc.

3358 Davidsonville Road • Davidsonville, MD 21035 • (410) 922-3426

March 2, 2020

To: House Ways and Means Committee

From: Maryland Farm Bureau, Inc.

Re: **Letter of Information for HB1628 - Sales and Use Tax - Rate Reduction and Services**

On behalf of our member families, I submit this letter of concern/information for HB 1628. This bill imposes the State sales and use tax on all services, except for only a select few services, by expanding the definition of taxable service. The bill also reduces the general State sales and use tax rate from 6% to 5% for taxable goods and services.

This bill would create a 5% tax on all the professional services farmers use to be able to farm and meet environmental standards in Maryland. **Some examples are: Nutrient Management consultants; CAFO consultants; Crop scouts; dairy, livestock & poultry nutrition consultants; fertilizer and crop protectant applicators; custom planting, and harvesting; feed deliveries; fuel deliveries; and pretty much all other assistance with a farmer's ability to produce food, fiber and fuel in Maryland.**

Unfortunately, farmers have very little ability to raise prices of their crops to compensate for this new tax. Couple this tax with last year's increase to the minimum wage and the ability to profitable farm in Maryland will become nearly impossible. With 19 of Maryland's counties being adjacent to another state, it will be easy for a farmer to access their professional services outside the state to be able to save money. This will cripple the service-based industries in Maryland and cost many citizens their jobs.

We support advancements in education, especially Ag Education. However, the cost can't be so excessive. This bill shows how costly the Blueprint for Maryland's Future will be and that the program should be significantly revised to reduce the cost instead of generating massive increases in taxes just to try to pay for it.

MFB Policy: We oppose the huge cost of the Commission on Innovation & Excellence in Education as well as its lack of improvements for ag education. We further urge the state to restructure the funding formula for public education.

A handwritten signature in black ink, appearing to read 'Colby Ferguson'.

Colby Ferguson

Director of Government Relations

For more information contact Colby Ferguson at (240) 578-0396