

ERIC LUEDTKE
Legislative District 14
Montgomery County

MAJORITY LEADER

Ways and Means Committee
Chair, Revenues Subcommittee



The Maryland House of Delegates
6 Bladen Street, Room 350
Annapolis, Maryland 21401
301-858-3110 · 410-841-3110
800-492-7122 Ext. 3110
Fax 301-858-3053 · 410-841-3053
Eric.Luedtke@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

SPONSOR TESTIMONY

House Bill 1002 - Sales and Use Tax - Electricity for Agricultural Purposes - Exemption

Chair Atterbeary, Vice Chair Washington, Members of the Committee,

Maryland's agricultural industry is the beating heart of our state. Recognizing the importance of these producers, Maryland sales and use tax statute includes exemptions for the sale of livestock, feed or bedding for livestock, seed, fertilizer, fungicide, herbicide, insecticide, baler twine, and wire used for agricultural purposes. While the tax revenue generated from these products would be relatively small, the impact on farmers can have significant impacts on both their finances and our food supply.

However, these exemptions leave out a necessary cost of agricultural production: electricity. Many farms only have a single meter, meaning that the electricity used for both their homes and farms are designated as residential use and exempted from taxation. In these cases, a sales and use tax exemption for agricultural purposes is unnecessary since no electricity used at the farm is taxed. However, other farms have multiple meters, one for their home and one or more for agricultural purposes. The decision to have multiple meters was often made by simply determining the logistics of having both barns and farms on the same meter. Some barns are close enough to the residence that a single meter makes sense, while others are further on the property. But given our existing statute, these logistical decisions can have significant financial impacts.

House Bill 1002 seeks to address this by exempting electricity used for agricultural purposes including raising livestock and poultry, tending to soil, and planting, servicing, harvesting, storing, cleaning, drying, or transporting seeds. This will remove an unnecessary tax burden for some of our farms while providing tax equity in the industry.

I thank the Committee for your consideration of this proposal and respectfully request a favorable report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eric Luedtke".

Delegate Eric Luedtke