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SUPPORT – House Bill 1002

HB1002 – Sales and Use Tax - Electricity for Agricultural Purposes - Exemption
Ways and Means Committee
Wednesday, March 2, 2022

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 275,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington Counties). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, West Virginia, and Maryland.

Favorable

Potomac Edison supports House Bill 1002 – Sales and Use Tax - Electricity for Agricultural Purposes - Exemption. HB 1002 would exempt state sales and use tax on the sale of electricity used for agricultural purposes, such as raising livestock or poultry, preparing, irrigating, or tending the soil, or planting, maintaining, or transporting seeds or crops.

FirstEnergy requests a Favorable report on HB 1002 for the following reasons.

Residential customers and manufacturing operations in the state are currently exempt from paying sales and use tax on their electricity consumption. This exemption is adequate for smaller agricultural customers that have everything tied to their residential meter --- but it does not treat agricultural customers that have separate electric meters for their barns and other out-buildings equally. These “other” structures are considered commercial accounts, and because of that are subject to paying sales and use tax on electricity.

HB 1002 would add to the existing agricultural sales and use tax exemption electricity that is used for agricultural purposes such as raising livestock and poultry, irrigation, or crop production and grain harvest. This exemption would put these agricultural customers on a level playing field with their counterparts. All farms would be exempt from the sales and use tax on electricity, not just the ones that have residential meters.

Potomac Edison strongly supports the viability of the agricultural sector in the state and believes this change that would help reduce their costs. The July 1, 2022, implementation date is achievable and should be nearly revenue-neutral for the utilities. HB 1002 should result in lower costs for our farmers, without affecting the electric rates of our other customers in Maryland.

For the above reasons, Potomac Edison respectfully request a **Favorable** vote on House Bill 1002.