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Date: February 28, 2022
To: Members of the House Ways & Means Committee
From: Holly Porter, Executive Director
Re: HB 1002 –Sales & Use Tax – Electricity for Agricultural Purposes - Exemption - **SUPPORT**

Delmarva Chicken Association (DCA) the 1,600-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 supports HB 1002 and asks for a favorable position.

HB 1002 would exempt sales and use tax of electricity when used to raise livestock or poultry, irrigate soil or for the production of seeds and crops.

For years, the state of Maryland has worked with the philosophy that food and manufacturing that is produced in the state should not be taxed. Farmers have sales and use exemptions for most inputs that are required to produce food, including livestock, bedding, seeds, fertilizers, fuel, equipment and other aspects.

But one of the greatest input costs to chicken growers is electricity, especially in the summer months. The average annual electric bill of just one chicken house is \$7,500. The average number of houses per farm in Maryland is four. That means an annual savings of nearly \$1,800 to a grower. These are savings that can be used for upgrades to the farm, the implementation of additional best management practices or simply paying for sports for the growers' children.

With inflation costs continuing to rise, now more than ever a sales exemption would be important. This exemption is no different than what's already available for residential customers or those who qualify for the exemption for utilities or fuel used in production activities of manufacturing.

DCA urges a **favorable** vote on HB 1002.

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