



Maryland Grain Producers Association
210 Fallen Horse Circle, Suite 100
Queenstown, MD 21658
Lindsay.mdag@gmail.com (p) 443-262-8491
www.marylandgrain.com

Date: March 9, 2023

Senate Bill 640 - Sales and Use Tax - Electricity for Agricultural Purposes - Exemption

Committee: Ways & Means

MGPA Position: **SUPPORT**

The Maryland Grain Producers Association serves as the voice of grain farmers growing corn, wheat, barley and sorghum across the state. On an annual basis, nearly a million acres of these crops are grown in Maryland.

Senate Bill 640 exempts the purchase of electricity by a farmer from the State sales and use tax, when used to (1) raise livestock or poultry; (2) prepare, irrigate, or tend the soil; or (3) plant, service, harvest, store, clean, dry, or transport seeds or crops.

This bill would be extremely beneficial to Maryland's grain farmers who use electric power on residential meters to irrigate, store, clean and dry their grain crops. Currently, some farms are on residential power meters while others are on commercial meters. This creates different rules for sales and use tax on the electricity for these farms. Also, agricultural inputs are exempt from the sales and use tax in Maryland. So, it makes sense that electricity used to produce food, fuel and fiber should also be exempt from sales and use tax.

One example of a farm with a grain drying facility on a commercial meter would save \$1,200 - \$1,600 per year based on their last 3 years of electricity bills.

As agricultural inputs and energy prices continues to rise, this bill would provide some relief to farmers who are currently paying sales and use tax on their farm electricity.

MGPA respectfully asks for a FAVORABLE report on House Bill 678.