



**LEGISLATIVE POSITION:**

**Favorable**

**House Bill 678 - Sales and Use Tax – Electricity for Agricultural Purposes**

**House Ways and Means Committee**

**Thursday, February 23, 2023**

Dear Chairwoman Atterbeary and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,400 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

HB 678 provides a sales tax exemption for the sale of electricity used for agricultural purposes. These purposes include the raising of livestock or poultry, irrigation of soil, as well as the harvesting and transportation of seeds or crops.

Under the current Maryland tax code, only agricultural manufacturers or those farmers on a residential account are exempt from paying this tax. This legislation would serve to provide much needed tax relief to the group of farmers who are currently penalized due to their being left out of this targeted sales and use tax exemption.

As you know, farming of any kind is an inherently volatile enterprise, and even a seemingly marginal expense can be the difference for a farm's ability to stay solvent year over year. The recent turbulence in energy prices and other agricultural inputs has taken a heavy toll on industry participants across the agricultural sector.

We believe bringing these agricultural providers under the same umbrella as their manufacturing and residential counterparts will ease their current competitive disadvantage, put all of Maryland's farmers under an equitable tax environment, and provide better economic outcomes to both agricultural producers and consumers.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **Favorable Report** on **HB 678**.