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Economic Matters Committee

Rules and Executive  
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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

***Testimony for the Ways and Means Committee***

***Chair Atterbeary***  
***Vice Chair Wilkins***

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

***February 23, 2023***  
***Delegate Sheree Sample-Hughes***

Good afternoon, Chairwoman Atterbeary, Vice Chairwoman Wilkins, and Members of the Ways and Means Committee. Thank you for the opportunity to provide testimony in support of House Bill 678, a bill exempting Sales and Use Tax for the sale of Electricity for Agricultural purposes.

Agriculture is the largest commercial industry in the state of Maryland yielding millions and as many of you are aware, I hail from a part of the state where the industry is diverse and plentiful. The agriculture community throughout the state has experienced highs and lows financially and any savings is in fact beneficial to the bottom line and outcomes of production. HB 678 is an attempt to ensure equity in the production realm is also equitable in agriculture.

**Currently, only farming operations tied to residential meters are exempt from paying sales and use tax on electric.** Most chicken houses built after 2010 are tied to a commercial meter, and thus still pay sales and use tax.

Such exemptions already exist for manufacturers. This includes facilities owned by Perdue Farms where the farmer's crop is processed. It also exempts companies like Dart Container Corporation located in Caroline County for instance, which manufactures the plates on which the chicken is served. One would ascertain that if those companies are exempt, the farmer should be too.

This bill would not only help poultry farmers, but all farming operations that are on a commercial rate across the state. For instance, if a farmer has a grain dryer that is tied to a commercial meter, they will benefit from this legislation as well. This bill would bring all farming operations under the same agricultural tax exemption.

As Maryland moves towards electrification, sales use tax exemption would make it more cost effective for farmers to adopt electric farming equipment, when it should become available. This bill is particularly important now, given the up to 40% rise in energy costs over the past year in some areas.

Based on unofficial yet thoughtful calculations by the Farm Bureau, the fiscal impact is approximated at around \$700,000-\$800,000 dollars. However, it would have a very positive impact on the affected farmers, with an average savings of around \$1,800 per grower on a commercial rate.

Thank you for your time and I request a favorable report for House Bill 678.