



Maryland Farm Bureau, Inc.

3358 Davidsonville Road • Davidsonville, MD 21035 • (410) 922-3426

March 30, 2023

To: House Ways & Means Committee

From: Maryland Farm Bureau, Inc.

Re: **Support of SB 640 - Sales and Use Tax - Electricity for Agricultural Purposes**

On behalf of our Farm Bureau member families in Maryland, I submit this written testimony in support of SB 640. This bill adds 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. However, as amended, the bill adds a 2-year sunset to the exemption so the legislature can more accurately assess the fiscal impact of the tax exemption since there are conflicting thoughts on how much tax reduction will happen.

Currently, only farms that all their electricity use is tied to the house meter is tax exempt. Electricity use from other farm meters is currently being taxed. This bill exempts these additional farm meters.

In addition to residential electricity not being taxed, manufacturing businesses are not taxed. This includes Perdue's processing plant. Agriculture has always been considered manufacturing, so exempting all farm electricity would be consistent with current law.

MDFB Policy: We support exempting electric use on farms from the sales and use tax.

MARYLAND FARM BUREAU SUPPORTS SB 640 & REQUESTS A FAVORABLE REPORT

A handwritten signature in black ink, appearing to read 'Colby Ferguson'.

Colby Ferguson
Director of Government Relations

For more information contact Colby Ferguson at (240) 578-0396