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Date: March 7, 2024
To: Members of the House Committee on Ways and Means
From: Grayson Middleton, Government Affairs Manager
Re: HB 1515 – Sales and Use Tax Expansion - **Oppose**

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 opposes HB 1515 and urges an unfavorable committee report.

While HB 1515 proposes lowering the state sales tax from 6% to 5%, it would simultaneously expand the sales tax to a wide variety of everyday services that have never been taxed before. This would include poultry house cleaning, breeding, veterinary services, pesticide management, as well as many other services necessary in production agriculture. This tax, when applied to all these services, would add up to a very significant financial burden for our family farmers and companies who are already dealing with rising input costs.

For years, the state of Maryland has worked with the philosophy that food production in the state should not be taxed. Farmers have sales and use exemptions for most of their inputs, including livestock, bedding, seeds, fertilizers, fuel, equipment, and other tools of production. An agricultural exemption for electricity is also common. These exemptions exist due to the highly volatile nature of agricultural production and economics. At the very least, we ask that this custom be extended to agricultural services as it has for all other inputs.

Again, we urge an unfavorable vote on HB 1515.

Should you have any additional questions, please feel free to contact me at porter@dcachicken.com or 302-222-4069 or Grayson Middleton at middleton@dcahicken.com or 410-490-3329.

Sincerely,

Grayson Middleton

Government Affairs Manager