Maryland Farm Bureau

3358 Davidsonville Road | Davidsonville, MD 21035
410-922-3426 | www.mdfarmbureau.com

February 4, 2025

To: House Ways and Means Committee

From: Maryland Farm Bureau, Inc.

RE: **Support of HB461 - Sales and Use Tax - Cut Flowers – Exemption**

On behalf of the nearly 8,000 member families of the Maryland Farm Bureau, I submit written testimony in support of HB461 Sales and Use Tax - Cut Flowers – Exemption. This bill would provide an exemption from the sales and use tax for the sale of cut flowers.

Maryland farmers are not only resilient but also highly innovative. With tight margins in traditional farming, many have sought ways to diversify their operations to remain financially sustainable. One growing avenue is value-added agriculture, which allows farmers to enhance their products or services to increase their market appeal and profitability. Under COMAR, "value-added agriculture" is legally defined as the alteration or enhancement of a raw agricultural product, including livestock, or an agricultural service, to increase its value to consumers and boost revenue for farmers, producers, or processors. This category includes a wide range of activities, such as turning milk into cheese, processing fruit into jam, and growing flowers for sale as cut arrangements. Cut flower growers, in particular, have seen increased demand as consumers seek locally grown, sustainable floral products. However, despite their role in Maryland's agricultural landscape, these growers do not currently receive the same tax benefits as other agricultural producers, creating a financial disadvantage.

A sales and use tax exemption would allow cut flower growers to receive the same tax benefits as other agricultural sectors. Currently, many agricultural products and services qualify for exemptions that help farmers manage costs and maintain sustainable operations. Extending these exemptions to cut flower growers would ensure they are not at a disadvantage compared to other value-added agricultural industries. Without this support, growers face additional financial burdens that can make it difficult to compete in the market. By reducing costs through tax relief, this exemption would enable small-scale cut flower operations to reinvest in their businesses, expand production, and strengthen Maryland's agricultural economy. Furthermore, it would encourage new growers to enter the industry, fostering innovation and job creation in rural and suburban communities.

Maryland Farm Bureau Supports HB461

Sincerely,

Director of Government Relations

Please Contact Tyler Hough, though@marylandfb.org, with any questions