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Date: March 31, 2026  
To: Members of the Senate Committee on Budget and Taxation  
From: Grayson Middleton – Government Affairs Manager  
Re: HB 1554 - Sales and Use Tax – Electricity for Agricultural Purposes – **SUPPORT**

Delmarva Chicken Association (DCA) is the trade association representing the meat-chicken growers, companies, and allied business members on the Eastern Shore of Maryland, Delaware, and the Eastern Shore of Virginia. Collectively, we contribute more than \$5.4 billion to Maryland’s economy and pay more than \$254 million in state and local taxes. This legislation would require the Comptroller to study the impacts of exempting electricity used for agricultural purposes from the sales and use tax. We believe this is an important first step in bringing fairness to agricultural production, and particularly important given the precipitous increase in energy costs. Therefore, we strongly support HB 1554 and respectfully ask for a favorable committee report.

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 tax exemptions for most of their inputs. An agricultural exemption for electricity is also common, as most farms on a residential rate are already exempt from paying the sales and use tax. However, most chicken houses built after 2010 are on commercial electric, and due to this oversight, some farmers are unfairly taxed more than others. This legislation would study the fiscal impact of implementing electricity exemptions across all of agriculture. This study is critical, as past legislative efforts to implement this exemption have been hindered by uncertainties regarding fiscal impacts.

One of the greatest input costs to chicken growers is electricity, especially in the summer months. The average annual electric bill of just one chicken house is \$7,500. The average number of houses per farm in Maryland is four. That means this legislation could amount to an annual savings of nearly \$1,800 to the average grower on a commercial rate. These are savings that can be used for upgrades to the farm, the implementation of additional best management practices, or simply adding to family income.

As inflation and energy costs continue to rise, this study is more important than ever. It will benefit those who work hard every day to ensure we have food on the table, and it would be an important first step in correcting an unfair oversight in tax law. Finally, it would rightly put farmers under the same umbrella as manufacturers and those who process their crop. For these reasons, we respectfully ask for a **favorable** vote on HB 1554.

Should you have any additional questions, please do not hesitate to contact me at [middleton@dcachicken.com](mailto:middleton@dcachicken.com) or 410-490-3329.

Sincerely,



*Educate. Advocate. Innovate.*

A handwritten signature in black ink on a light blue background, reading "Grayson S. Middleton".

Grayson S. Middleton  
Government Affairs Manager