

HB 1554 - Ag Electric Sales and Use - Support - EE

Uploaded by: Grayson Middleton

Position: FAV



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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 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

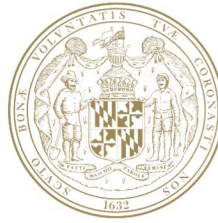
HB 1554 senate letter of support.pdf

Uploaded by: Natalie Ziegler

Position: FAV

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Co-CHAIR

NATALIE ZIEGLER
Co-CHAIR



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THE MARYLAND HOUSE OF DELEGATES
HOUSE RURAL CAUCUS

March 31, 2026

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, Maryland 21401

Chair Guzzone, Vice Chair Rosapepe, and Honorable Members of the Senate Budget and Taxation Committee:

On behalf of the Rural Caucus, we are writing to express our support for **HB 1554 Sales and Use Tax - Electricity for Agriculture Purposes - Study and Report.**

This bill requires the Comptroller, with consultation from the Public Service Commission and PJM, to study exempting electricity used for agricultural activities such as irrigation, livestock, and crop production from Maryland's sales and use tax and report the fiscal impact to the General Assembly. For rural communities, this study could help facilitate the reduction of operational costs for farmers, helping keep farms financially viable and stabilizing local agricultural economies.

For these reasons, the Rural Caucus supports HB 1554 and requests a favorable report.

Thank you,

A handwritten signature in black ink, appearing to read "Jefferson L. Ghrist".

Delegate Jefferson L. Ghrist
Co-Chair

A handwritten signature in black ink, appearing to read "Natalie Ziegler".

Delegate Natalie Ziegler
Co-Chair

MDFB - Support - HB1554 Sales and Use Tax - Electr

Uploaded by: Tyler Hough

Position: FAV



Maryland Farm Bureau

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

March 31, 2026

To: Senate Budget and Taxation Committee

From: Maryland Farm Bureau, Inc.

RE: **Support of HB1554 Sales and Use Tax - Electricity for Agriculture Purposes - Study and Report**

On behalf of the over 7,000 member families of the Maryland Farm Bureau, we write to express our support for HB1554 Sales and Use Tax - Electricity for Agriculture Purposes - Study and Report. 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.

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 HB1554 & REQUESTS A FAVORABLE REPORT

A handwritten signature in black ink, appearing to read 'Tyler Hough', with a horizontal line above it.

Tyler Hough

Director of Government Relations

Please reach out to Tyler Hough, though@marylandfb.org, with any questions