

SENATE BILL 11

Q4

1lr1524

(PRE-FILED)

By: **Senator Ellis**

Requested: November 1, 2020

Introduced and read first time: January 13, 2021

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Agricultural Purpose Exemption – Seedlings and Fruit**
3 **Trees**

4 FOR the purpose of expanding an exemption from the sales and use tax for the sale of items
5 for an agricultural purpose to include the sale of seedlings and fruit trees; and
6 generally relating to a sales and use tax exemption for the sale of items for an
7 agricultural purpose.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 11–201
11 Annotated Code of Maryland
12 (2016 Replacement Volume and 2020 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
14 That the Laws of Maryland read as follows:

15 **Article – Tax – General**

16 11–201.

17 (a) The sales and use tax does not apply to a sale of the following items for an
18 agricultural purpose:

19 (1) livestock;

20 (2) feed or bedding for livestock;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (3) seed, **SEEDLINGS, FRUIT TREES**, fertilizer, fungicide, herbicide, or
2 insecticide;

3 (4) baler twine or wire;

4 (5) fuel for use in farm equipment or a farm tractor, as defined in §§
5 11–120 and 11–121 of the Transportation Article; and

6 (6) if bought by a farmer:

7 (i) a container to transport farm products that the farmer raises to
8 market;

9 (ii) a farm vehicle, as defined in § 13–911(c) of the Transportation
10 Article, when used in farming;

11 (iii) a milking machine, when used in farming;

12 (iv) fabrication, processing, or service, by a sawmill, of wood products
13 for farm use in which the farmer retains title; and

14 (v) farm equipment when used to:

15 1. raise livestock;

16 2. prepare, irrigate, or tend the soil; or

17 3. plant, service, harvest, store, clean, dry, or transport seeds
18 or crops.

19 (b) Except for flowers, sod, decorative trees and shrubs, and any other product
20 that usually is sold by a nursery or horticulturist, the sales and use tax does not apply to a
21 sale of an agricultural product by a farmer.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
23 1, 2021.