



The Honorable Anne Kaiser
Chair, House Ways and Means Committee
House Office Building
Room 131
6 Bladen Street Annapolis, MD 21401

March 5, 2020

Testimony Before the House Ways and Means Committee in Opposition to House Bill 1284 – State Tax Credits, Exemptions, and Deductions – Alterations and Repeal

Chair Kaiser and Members of the House Ways and Means Committee:

My name is Steve Boucher and I am the President of the Maryland-DC Vendors Association, which is made up of approximately fifty businesses, primarily small businesses, operating in Maryland. Together, these operators meet the snack and convenience needs of Maryland citizens, through vending facilities located within other businesses and public venues throughout the State. Our Association's members employ more than 2,500 individuals and generate more than \$70 million in tax revenue for the State. In addition to the general tax revenue our industry also generates funding support for the Maryland State Department of Education's programs to support the Blind Industries of Maryland.

Today, the Maryland-DC Vendors Association is here in respectful opposition to House Bill 1284. While we understand and respect the legislation's intent to garner new revenues to funding vital state programs, particularly in education, this new application of the State sales and use tax is especially impactful to the vending industry because the nature of our facilities prohibits our retailers from charging a tax to consumers at the point of sale. Instead, our members would be forced to incorporate this additional tax into a higher ticket price for our consumers. This unique aspect of the vending industry is what led Maryland and many other states to historically exempt vending machines from sales and use tax. Repealing the exemption for vending machines will impose additional cost and burden on our industry and make it more difficult for us to operate and sell goods in an already competitive environment.

In recent years, the vending industry has proactively sought to support healthier options and provide a wider variety of products to meet our customers' needs and desires throughout the day. Market flexibility allows our members to be innovative in marketing and offering healthy snack options, many of which are often more costly. Having to incorporate this additional tax into increased prices may actually have the opposite result to incentivizing our customers to make healthier choices. For all these reasons, we respectfully opposed House Bill 1284 and the repeal of the exemption from the sales and use tax for certain items sold in vending machines, as introduced and urge an unfavorable report from the Committee.