

House Bill 997
Admissions and Amusement Tax - Food and Beverages

February 24, 2025

Position: **OPPOSE**

Madame Chair and Members of the Ways and Means Committee:

The Restaurant Association of Maryland strongly opposes House Bill 997.

This legislation would enable local governments to impose an admissions and amusement tax of up to 3 percent on gross receipts derived from the sale of food and beverages (including alcoholic beverages) sold at businesses with on-premises consumption, such as restaurants and bars. This would include food and beverages (except alcohol) sold for carryout and delivery. This legislation unjustifiably targets the foodservice industry for generating new local tax revenue.

Restaurant industry profit margins generally average about 3 to 5 percent and have been negatively impacted by inflation and rising labor costs. Restaurant operators would not be able to absorb the cost of this new tax and would be forced to pass it on to customers through higher menu prices to maintain their profit margins. Such price increases would discourage customers from dining out as frequently in jurisdictions that opted to impose such a tax. This would result in sales declines and possibly reduced working hours and job losses for restaurant employees.

Many restaurants are currently struggling with lackluster sales and still trying to pay off debts incurred during the COVID pandemic. Our industry does not need the burden of a new tax compounding other operational challenges.

For these reasons, we respectfully request an unfavorable report.

Sincerely,



Melvin R. Thompson
Senior Vice President
Government Affairs and Public Policy