



**MARYLAND STATE
LICENSED BEVERAGE ASSOCIATION**

150 E Main Street, Suite 104, Westminster, MD 21157

House Ways and Means Committee
February 24

House Bill 997 – *Admissions and Amusement Tax – Food and Beverages*

POSITION: OPPOSE

The Maryland State Licensed Beverage Association (MSLBA), which consists of approximately 850 Maryland businesses holding alcoholic beverage licenses (restaurants, bars, taverns and package stores), opposes House Bill 997.

House Bill 997 would allow counties and municipalities to impose up to a 3% tax on the gross receipts derived from the sale of food or beverages purchased for on-premises consumption. While this legislation adds to the current law authorizing a local admissions and amusement tax, which is imposed on gross receipts of event tickets and the like, it would function as a local sales tax on food and beverages, with each jurisdiction setting the tax rate at up to 3%.

This tax would be borne by many businesses in the hospitality sector, most notably bars and restaurants. Some context is important here: The 9% sales tax imposed on alcoholic beverages is already 50% higher than the tax imposed on other goods. This means that for an alcoholic beverage, under House Bill 997, a consumer would be paying up to a total of 12% in taxes on that item. We believe that to be an inherently unreasonable amount of taxation on one particular item. In addition, all food would essentially be taxed at 9%.

Furthermore, this comes at a time when consumers wanting to dine out for entertainment have already borne the higher costs of goods due to inflation. Food costs across the board have gone up considerably, and that is true with regard to restaurant purchases in particular. House Bill 997 only adds to this consumer burden.

For these reasons, we respectfully urge an unfavorable report on House Bill 997.

For more information call:

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