



**Elizabeth Avery, President and Chief Executive Officer
SNAC International
General Assembly of Maryland
House Ways and Means Committee
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1:00pm**

Thank you for the opportunity to testify on House Bill 1145, which would impose a discriminatory tax on certain snack foods. My name is Elizabeth Avery and I serve as President and CEO of SNAC International. SNAC is an international trade association representing more than 400 companies that make and market snack foods as well as their suppliers of raw ingredients, spices, packaging and processing equipment that is critical to the industry. Our members produce a wide variety of snacks ranging from chips made from potato, tortilla, corn, pita, rice, quinoa, kale and other fruits/vegetables/pulses, to pretzels, popcorn, crackers, granola bars, meat snacks and nut mixtures. I am testifying today on behalf of our members who supply, distribute and manufacture snack foods in Maryland.

SNAC International's members take a great deal of pride in their products and in recent years have introduced thousands of innovations to meet consumers' desires for a wide range of options from low salt, high fiber, low fat, gluten free, high protein and indulgent snacks.

SNAC International and our members including Utz Quality Foods, Herr Foods, Martin's Chips, Frito-Lay, Elite Spice, Fuchs, McCormick and many others employ thousands of Maryland residents and we strongly oppose HB 1145 which would subject certain savory snacks to the 6% Sales and Use tax. The legislation would not only threaten Maryland jobs, it would have a negative impact on the local economy by burdening the millions of taxpaying citizens of Maryland and those in surrounding states who purchase goods in Maryland.

A tax on snack food is regressive, disproportionately impacting low income citizens who may purchase a snack as a special treat. It is also extraordinarily arbitrary and confusing. To single out a handful of snack items for taxation is equivalent to the Legislature picking winners and losers in a very competitive marketplace.

Consider that HB 1145 would impose a 6% tax on potato sticks but not veggie sticks; on pork rinds, but not on beef jerky; on corn chips but not on tortilla or pita chips. Popped popcorn would be taxed but microwave popcorn would not; nuts and seeds are exempt from taxation but not if they are part of snack mix. Cheese puffs are taxed but what if the puffs have a

different flavor? Does it matter if the puff is derived from lentils, black beans or quinoa? These are just a few examples of the near impossible task ahead to administer this new selective tax on food.

Snacks can be found in literally every aisle of the grocery store. With the average grocery store stocking approximately 30,000 items and 10,000 new items introduced every year, the administrative burden of determining precisely which products and which brands might be subject to such a discriminatory and arbitrary tax cannot be overstated.

This burden led to the repeal of the few snack taxes that had been imposed in the 1990's. To date, all jurisdictions throughout the country that experimented with a snack tax, including California, Maine and Washington, DC have repealed their snack taxes due to consumer confusion, administrative burden and increased complexities at the grocery store. The snack tax was so unpopular in California, in 1992, 66% of the citizens of that state approved an initiative that not only repealed the tax but voted to make any future selective tax on food unconstitutional. In 1996, the Maryland Assembly eliminated the state's tax on snack foods. To my knowledge, there are currently no states in the U.S. that single out snack foods for selective taxation.

We recognize the importance of school feeding programs in Maryland but we believe there must be a better way to raise funds than to rely on a highly complicated and yes, unfair, new food tax.

We respectfully request a negative recommendation for HB 1145.

I am happy to answer your questions.

Thank you.