LICENSED BEVERAGE DISTRIBUTORS OF MARYLAND, INC.

Leadership in Industry Cooperation
446 Park Creek Road
Pasadena, Maryland 21122

Members
BREAKTHRU BEVERAGE DISTRIBUTORS
REPUBLIC NATIONAL DISTRIBUTING
COMPANY, LLC

January 27, 2021 **OPPOSE SB 172**

Senate Budget and Taxation Committee members
Senate Finance Committee members

THE 2011 TAX INCREASE ON ALCOHOL HAS GENERATED ALMOST $1 BILLION AND VERY LITTLE OF IT HAS GONE TO HEALTH PROGRAMS AS PROMISED. THAT PAST TAX INCEASE NOW BRINGS IN NEARLY $100 MILLION EACH YEAR AND CAN EASILY FUND THE PROPOSALS IDENTIFIED IN THIS BILL.

Dear Senators:

Thank you for your support and appreciation of our industry, its workers and small business owners in both good times and now.

Ten years ago, officials **proposed as part of the Lorraine Sheehan Health and Community Services Act of 2011 a three-cent increase in the sales tax for wine, spirits, beer** and other alcoholic beverages by upping the sales tax from 6 to 9 cents just for alcohol. It was **a 50 % increase** that was **promoted** - and widely supported - as a way **to fund essential Maryland health programs**. The increased tax has collected almost $1 billion from taxpayers who paid the alcohol sales tax of 9% since 2012. . (See attached tracking chart created by Legislative Services.) Despite the promises made to garner support for the tax increase, less than 10% of those funds have gone specifically to health programs and apparently there has been **no health program directly financed by the tax for several years**. The tax proceeds have **gone into the general fund**. This not at all what was touted to get the tax passed.

The Sheehan proposal generated widespread support from health advocates and industry leaders who filled legsialtive halls and hearing rooms, many in wheel chairs. But In the final days of the 2011 session, the Sheehan Act was folded unceremoniously into SB 994 (captioned Supplentary Appropriation) which required that just $15 million generated by the tax increase go to the Development Disabilities Administration and only for FY 2012 - even though the tax generated $76 million that year. The bottom line is that the **tax** still **generates nearly**

$100 million a year. These funds **should be directed** to appropriate **health programs as intended and promised** 10 years ago and not spend elsewhere.

In short, there is **no need** for an unwanted and detrimental **tax increase to fund the health programs** and policies in this bill. In fact, the original tax increase still is generating many times more available funds than the proposed tax increase will generate. It generated $103 million in FY 2019 and $94 million last year.

We respectfully ask that the Comittees provide and **unfavorable report on SB 172** and **insert budget language to direct an appropriate amount of this year's $100 million proceeds from the original 3% tax increase to support the noble objectives outlined in the bill.** Thank you for your consideration of these points.

Very Truly Yours.
Joel Polichene (Republic National Disgtributing Company), Jeff Scarry and Jimmy Smith (Breakthru Beverage Distributors)