



February 11, 2021

The Honorable Anne R. Kaiser
Chairwoman House Ways & Means Committee
Room 131
House Office Building
Annapolis, MD 21401

Re: **SUPPORT** – **HB 796** – Sales and Use Tax – Alcoholic Beverages – Rate Reduction

Dear Chairwoman Kaiser and Committee Members:

On behalf of the Maryland Beer Wholesalers Association (MBWA), we are writing in support of HB 796 which reduces the sales and use tax on alcoholic beverages from 9% to 6%.

The MBWA consists of 22 Maryland businesses employing over 1,400 Marylanders that are majority owned and operated generational family businesses. We support the intent of the legislation as it would make Maryland's tax rates more competitive with our surrounding jurisdictions. It should also be noted that the federal government also imposes an excise tax on all alcohol beverages.

Since the last increase in the alcohol tax beer sales have been flat at best. The current pandemic has caused a very unstable market with off-premises licensees seeing an increase in sales while on-premises closures of bars, restaurants, and taverns more than offsets those increases, resulting in an overall decrease in beer sales in Maryland. If this legislation is enacted it would provide our members and their retail partners the ability to compete in this market, especially in our bordering counties. For instance, the Ocean City area competes directly with Delaware, which has no alcohol tax, making it very difficult to compete and win back the business once on-premises restrictions are hopefully lifted in the spring and summer months.

Members of the MBWA are consistently experiencing large increases in fuel costs, health insurance costs, labor costs, workers compensation costs, utility costs and other general operating costs. As small business owners, MBWA members contribute greatly to community programs, churches, hospitals, and nonprofits to ensure that all their neighbors enjoy the benefits their communities have to offer.

The Honorable Anne R. Kaiser
February 11, 2021
Page 2

We respectfully request a favorable report on this legislation. The MBWA is available to meet personally and participate in further discussions as this legislation is addressed by you and the committee.

Sincerely,

A handwritten signature in black ink, appearing to read 'N. Manis', with a long horizontal flourish extending to the right.

Nicholas G. Manis
Executive Director

CC: Honorable Jason C. Buckel
John Favazza