

MARYLAND RETAILERS ASSOCIATION

The Voice of Retailing in Maryland



**HB 380 Sales and Use Tax- Tax-Free Period for Back-to-School Shopping-
School Supplies and Textbooks
House Ways and Means Committee
Position: SUPPORT
January 21, 2021**

Background: The above bill would exempt school supplies (totaling \$100 and textbooks (\$350 or less) from sales tax during the tax-free period for back to school shopping.

Written Comments: The Maryland Retailers Association is in support of this legislation for the below reasons:

1. Eliminating the sales and use tax on necessities such as school supplies helps thousands of families across the state that struggle to purchase these essential items for their children and all taxpayers save money on these purchases.
2. 17 states offer tax free holidays on a variety of items many of which meant to encourage consumers to spend their money in the state they reside in. For Marylanders who live on the border of Delaware for example, encouraging consumers to spend money at retailers in the state is important.
3. Tax free products help support the local economy and businesses as consumers can boost sales not just for items that are tax-free, but buy purchasing other items when they are out shopping as well. The [Federal Reserve](#) reported on the effects of sales tax holidays on consumer spending by citing an experiment in Massachusetts. The report suggested that a sales tax holiday prompted a net boost to retail spending over the whole month, rather than just a re-timing of spending within the month.

With these concerns in mind, we respectfully ask for a favorable report on HB380.



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