



TO: House Ways and Means Committee
FROM: Brewers Association of Maryland
Maryland Distillers Guild
Maryland Wineries Association
RE: HB 796 – Sales and Use Tax – Alcoholic Beverages – Rate Reduction
Position: SUPPORT
DATE: February 11, 2021

On behalf of the 275 small businesses that are members of the Brewers Association of Maryland, the Maryland Distillers Guild, and the Maryland Wineries Association, we are in support of HB 796.

As this committee is aware, our industry is in a historic struggle to survive. Prior to COVID-19 the majority of our members focused their business models on in-person visitation and on-premise consumption. That focus grew our industry into one that creates an annual estimated economic impact of over \$3.4 billion while generating over \$52 million in annual tax revenue for the state. Yet, overnight our business models were turned upside down. No longer were we able to rely on our taprooms and tasting rooms across Maryland. Taprooms and tasting rooms that have built our businesses into local and regional mainstays by providing the much-needed margins to reinvest in people and infrastructure.

Now, by no choice of our own, many of our members have been forced into off-premise direct-to-consumer sales channels, utilizing employee delivery and common carrier shipments. Those channels which were authorized via Executive Order at the onset of the pandemic have been a lifeline (which we notably seek to codify in 2021 emergency legislation). However, off-premise sales channels are ultra-competitive and saturated with options for the consumer. That is why HB 796 is so important to us. This bill recognizes the hurdles facing our 275 small businesses. It recognizes the competitive marketplace by taking into account the lower rates in neighboring jurisdictions and the effect this pandemic has had on the Maryland consumer both today and in the future.

Only one of the 275 members of our three organizations started outside the state of Maryland. Our businesses represent exactly what we want Maryland: Marylanders hiring Marylanders to manufacture and sell locally made products right here in this state.

As this committee knows, our product is taxed twice by the State: at production and at sale. This is different than almost any other consumer product on which sales tax is paid in the state. This double tax burden is in addition to the fact that the 9% sales tax on alcohol is already levied at the highest rate of any other consumer product.

In recognition of the profound effect this pandemic has had on our businesses to date, and the lasting impact COVID will have on our small businesses for years to come, we respectfully request a favorable report on HB 796. Any relief to our industry is needed now more than ever. To put it bluntly, we have a long way to go to get back to “normal.”

Thank you.

Sarah Healey
President of the Brewers Association of Maryland

Jaime Windon
President of the Maryland Distillers Guild

Judy Crow
President of the Maryland Wineries Association