



**MARYLAND STATE
LICENSED BEVERAGE ASSOCIATION**

150 E Main Street, Suite 104, Westminster, MD 21157

TO: The Honorable Anne R. Kaiser, Chair
Members, House Ways and Means Committee
The Honorable Jason C. Buckel

FROM: Jack Milani, Legislative Co-Chair

DATE: February 11, 2021

RE: **SUPPORT** – House Bill 796 – *Sales and Use Tax – Alcoholic Beverages – Rate Reduction*

The Maryland State Licensed Beverage Association (MSLBA), which consists of approximately 1,000 Maryland businesses holding alcoholic beverage licenses (restaurants, bars, taverns and package stores), **supports** House Bill 796.

House Bill 796 would reduce the State's sales tax rate on alcohol from the current 9% to 6% for a period of two years. While a "reduction", it is important to keep the current tax rates in perspective and recognize that this change merely brings Maryland back into line with all but one of its surrounding jurisdictions. Our sales tax rate on alcohol is already 50% higher than the 6% rate applied to other items, and 50% higher than the rates in Virginia (5.3%), Pennsylvania (6%), and West Virginia (6%). Only Washington, DC is higher at 10%. Along with the excise tax applied to alcohol, which is separate from the sales tax, alcohol generates \$330 million a year for the State.

This legislation would bring welcomed business to bars and restaurants which have been closing by the day and are reeling after being shut down for dining in response to the COVID-19 pandemic. Partial re-openings, outdoor dining and carry out orders have helped some of them remain viable. The Restaurant Association of Maryland predicts up to 40 percent of Maryland restaurants may close permanently because of the pandemic. Putting our tax rate in line with surrounding states would provide a needed boost to the industry, particularly as restrictions are hopefully lifted in the spring and summer. Further, it takes away any incentive to spend money on alcohol in other States rather than here in Maryland and would be an important boost to the hospitality economy that has suffered so badly.

For these reasons, MSLBA supports House Bill 796.

For more information call:

Maryland State Licensed Beverage Association
(410) 876-3464