



HB 288- Sales and Use Tax - Baby Products - Exemption
House Ways and Means Committee
February 2, 2022
SUPPORT

Chairwoman Atterbeary, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 288. This bill will provide an exemption of baby bottles, baby bottle nipples, and infant car seats from the sales and use tax.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.

According to the Department of Agriculture, families spend around \$12,000 on basic necessities for babies within one year¹. This price tag is burdensome for some families and causes strains on low-income families' economic well-being. When families cannot afford to buy the proper number of diapers for their babies, they will have to sacrifice other necessities or stretch the amount of diapers they can afford. Both options can lead to negative health outcomes for babies, like urinary tract infections (UTI's) or diaper rashes. This can also lead to additional financial stress on the family. **HB 288 will help reduce negative outcomes by making baby products more affordable.**

The state of Maryland has a 6% tax rate on sales. On just diapers alone, a parent could spend \$30-\$60 a month². Factor in formula and baby wipes, families would easily be spending more than \$1,000 a month. For a household of 3 who live below the poverty line, they are living on less than \$22,000³. The average rent in Maryland for a two bedroom is over \$1,200⁴. This leaves about \$1,835 a month, expenses for baby necessities and household needs would surpass the amount of income for a month. The difference in eliminating a 6% tax rate could be the difference that allows families to afford diapers.

Parents should be able to have the peace of mind that they will be able to care for their child. Exempting sales tax from baby products would be a step in the right direction for this peace of mind.

For these reasons, we encourage a favorable report on HB 288.

¹ Expenditures on Children by Families; 2015

² <https://theinfinitekitchen.com/guide/faq-what-is-the-average-monthly-cost-of-diapers/>

³ <https://www.peoples-law.org/federal-poverty-guidelines>

⁴ <https://www.rentdata.org/states/maryland/2021>