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**Maryland Senate Committee on Budget & Taxation  
Wednesday, February 1, 2023**

**Bill Number: SB 219 – Sales and Use Tax – Secondhand Apparel – Exemption**

**Position: Favorable**

**James Allen  
Savers Value Village  
Director of Government Affairs & Sustainability**

Good Afternoon, Chair Guzzone and members of the Committee. I'm James Allen, Director of Government Affairs & Sustainability at Savers.

Thank you, Senator Jackson, for your sponsorship of Senate Bill 219. We appreciate your leadership on this legislation, which we see as a win-win, both for Maryland's continued national leadership on the environment and climate change and for tax policies that help those in need of essential items, namely clothing and shoes.

Savers is a proud member of the Maryland community; we are committed to the State. We now operate 12 stores and employ more than 1,200 team members across Maryland (under our brands Savers, Value Village, Unique, and 2<sup>nd</sup> Avenue). And when it was time to select the first U.S. location for a new, innovative Centralized Processing Center, we chose to make that \$6 million capital investment in in the Hyattsville/Landover area. With more than 100 team members, this facility opened last month and will allow us to more effectively process and deliver reusable clothing and books to our stores in the region. We hope that our Maryland CPC will play a key role in our future growth and investment in Maryland.

The Sage Policy Group recently conducted an independent analysis of our Maryland impact. Sage's Report concluded that we generate more than \$98 million in annual economic activity, while creating more than \$7.2 million in state level tax revenues and \$3.7 million for Maryland's local governments each year.

More than 90% of the items you see in our typical store have been sourced locally. We partner with local nonprofits to purchase the donations of secondhand clothing and household items they receive from the community. Over the five years between 2016-2020, we paid our nonprofit partners in Maryland more than \$2.5 million for their donations of used items, providing a reliable and vital revenue source for their work.

We also strive to keep as much reusable material out of landfills as we can – whether it is by extending the life of these items through sales to our retail customers, or through our wholesale program where

we package textiles into 1,000 pound bales and sell these bales to customers who find new ways to use this material – reuse in other markets, upcycling, making wiping rags for industrial use, and shredding material to make carpet padding and insulation.

Last year, our teams kept approximately 48 million pounds of material out of Maryland’s waste stream.

The Sage Report concluded that to produce an equivalent mass of fiber that we diverted in 2022 would equal the annual CO2 output of 17,200 typical passenger cars. At the same time, Sage found that our diversion of waste in 2022 “put more than \$1.6 million back into the pockets of Marylanders through reduced charges for services” by taking pressure off of the waste stream and landfill space.

You may be asking, “Why a sales tax exemption bill?”

To be clear, our ethos is reuse and a commitment to making secondhand second nature. We are not here asking for a tax credit for Savers.

Rather, we are trying to accomplish a few things with this legislation:

**First, to help those consumers on tight budgets who come to thrift stores to purchase necessities.**

71% of shoppers in a 2022 survey<sup>1</sup> by the Transom Consulting Group responded that shopping secondhand allows them to buy items they otherwise could not afford.

**Second, to highlight and incentivize the environmental benefit of secondhand purchasing for those thrift customers who are motivated – or could be motivated - by environmental concerns.**

The 2022 survey found that 62% of shoppers believe that thrifting has a positive environmental impact.<sup>2</sup>

**And third, to promote the social value of secondhand purchasing.**

Given Maryland’s commitment to being an environmental leader and our commitment to this State, we can’t think of a better state to roll this policy out and respectfully request a favorable report on Senate Bill 219.

Thank you.

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<sup>1</sup> See Savers | Value Village, “2022 U.S. Thrift Report,” accessible at: <https://www.savers.com/thrift-proud/rethink-reuse>.

<sup>2</sup> *Id.*