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**Maryland House Ways & Means Committee
Thursday, February 9, 2023**

Bill Number: HB 187 – Sales and Use Tax – Secondhand Apparel – Exemption

Position: Favorable

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

Good Afternoon, Chair Atterbeary and members of the Committee. I'm James Allen, Director of Government Affairs & Sustainability at Savers. Our General Counsel & Chief Compliance and Sustainability Officer, Rich Medway, a Maryland native, is also here to show our Executive Leadership Team's strong commitment to our growth in Maryland and for this legislation.

Thank you, Delegate Ivey, for your sponsorship of House Bill 187. 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 2nd 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 multiple 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.



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On the environmental side, the impact of clothing waste presents a significant global environmental challenge. The average American throws away approximately 81 pounds of clothing every year and reporting has estimated that up to 85% of textiles are thrown away.¹

At Savers, we 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 two core objectives 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 survey² by the Transom Consulting Group responded that shopping secondhand allows them to buy items they otherwise could not afford.

And 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.³

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. We remain open to working collaboratively with the Committee on this legislation and respectfully request a favorable report on House Bill 187.

Thank you.

¹ As one example, see <https://earth.org/statistics-about-fast-fashion-waste/#:~:text=The%20Average%20US%20Consumer%20Throws,landfills%20on%20a%20yearly%20basis.>

² See Savers | Value Village, “2022 U.S. Thrift Report,” accessible at: <https://www.savers.com/thrift-proud/rethink-reuse>.

³ *Id.*