

February 1, 2023

The Honorable William Smith
Judicial Proceedings Committee
2 East, Miller Senate Office Building



Senate Bill 100—Criminal Law- Organized Retail Theft: Support

Chair Smith, Vice Chair Waldstreicher and Members of the Judicial Proceedings Committee,

ICSC respectfully asks for your support on Senate Bill 100, *Criminal Law- Organized Retail Theft*. ICSC is the member organization for the advancement of the Marketplaces Industry, made up of shopping centers, malls and main streets, and the commerce they drive and the communities they create. Our member network includes property owners, developers, financial institutions, professional service providers and, importantly, shopping center tenants such as retailers, restaurants, gyms, childcare providers, and health centers. In Maryland, 1900 marketplaces with over 525,000 jobs, make up nearly 14% of the State's job force. For over 65 years, ICSC has promoted and elevated the marketplaces and spaces where people shop, dine, work, play and gather as foundational and vital ingredients to everyday life. On behalf of our Maryland membership, we are submitting the comments below that focus on our concerns with the currently proposed building energy performance regulations.

Organized Retail Crime (ORC) is not petty shoplifting. It is coordinated, sophisticated, and targeted retail theft, usually carried out by organized criminal networks, where substantial quantities of high-demand products are stolen and re-sold, often on online marketplaces. These organizations recruit participants, enforce quotas, and use their profits to fund other illicit activities.

According to the National Retail Federation; Buy Safe America Coalition, ORC accounted for:

- \$100 Billion in inventory loss in 2022 alone
- \$15 Billion loss to federal and state governments in personal and business tax revenue, not including lost sales taxes
- An 81% increase in retailers reports of violence and aggression
- \$500 of additional cost to the average American Family
- A 26.5% increase in organized theft incidents in 2021

Organized retail crime impacts everybody — from retailers and retail employees to shoppers, community residents — as well as the entire economy. While ORC groups most often target large retailers, the economic impact of their activity is significant and extends far beyond those immediately involved. ORC is on the rise and store fronts, supply chains, and businesses' bottom lines are being negatively affected. Our industry must join with others to ask lawmakers at every level of government to take further action to fight ORC.

From a Maryland perspective, it is easy to extrapolate the impact of ORC given estimated sales tax revenue generated per establishment:

- General Merchandise - \$4,437,890
- Food and Beverage (Grocery) - \$2,044,207
- Apparel – \$363,147

➤ Drug Stores - \$1,024,020

ORC groups are discerning in their selection of targets and primarily favor large national retailers, big-box retailers, and cargo shipments, largely targeting everyday consumer goods. In areas specifically targeted, ORC leads to forcing many stores that anchor neighborhoods and community shopping centers to leave, costing localities jobs, state and local tax revenues and ultimately the character of the places we live.

In 2023, 7 states across the United States, enacted legislation that would work to address prosecutorial issues related to ORC: including Alabama, Kansas, Nevada, New Mexico, North Dakota, Oregon and Virginia.

In the opinion of the Maryland members of ICSC, we urge the General Assembly to also take action. We urge a favorable report of Senate Bill 100.

For any questions or more information regarding ICSC's position, please contact Sushant.Sidh@capitol-strategies