

House Bill 1469

Taxes - Sugary Beverage Distributor Tax

March 6, 2025

Position: **OPPOSE**

Madame Chair and Members of the Ways and Means Committee:

The Restaurant Association of Maryland strongly opposes House Bill 1469, which would impose a sugary beverage distributor tax of 2 cents per ounce. Such a tax would be passed on to restaurants and retailers by beverage distributors. The proposed tax would be a significant cost for restaurants, including those that use beverage syrups for fountain drinks.

As we have previously shared with this committee in testimony on another tax bill that would affect our industry, restaurant profit margins generally average about 3 to 5 percent and have been negatively impacted by inflation and rising labor costs. Restaurant operators would not be able to absorb the cost of this new sugary beverage tax and would be forced to pass it on to customers through higher menu prices to maintain their profit margins. Such price increases could result in decreased sales, as many restaurants have already experienced because of price increases due to inflation and soaring food costs. The restaurant/foodservice industry does not need new taxes driving up the cost of essential products and exacerbating our ongoing operational challenges as many of our business owners struggle to stay afloat.

For these reasons, we respectfully request an unfavorable report for House Bill 1469.

Sincerely,



Melvin R. Thompson
Senior Vice President
Government Affairs and Public Policy