

## Against Sugary Beverage Distributor Tax House Bill 1469

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I am a retired federal macro economist that lives in Maryland. I have been a registered democrat my entire time as a voter and have lived in the state for over 30 years. I vote strongly for the democratic party in national elections but I have become an independent voter at the state and local level as I have been disappointed with the high rate of increases in real state spending and increases in Maryland taxes either through direct higher tax rates, large increase state fees for essential services or failing meaningfully to adjust the Maryland tax code to inflation. The data indicates that this is significantly leading to an exodus of seniors and upper middle and higher income earners from the state as shown in the Atlas Van Lines Movers Survey

<https://www.unitedvanlines.com/newsroom/movers-study-2023> Absurd ill conceived tax bills like this will accelerate the trend.

Kiplinger rates Maryland as the 6th highest state in terms of the percentage of income spent on state and local taxes by median income earners <https://www.kiplinger.com/taxes/least-tax-friendly-states-for-middle-class-families>. Maryland's tax code other than its small standard deduction and a few other deductions is largely not indexed to inflation. Tax rates by income and personal exemptions are not indexed to inflation. Thus if your income goes by the rate of inflation your tax bill goes up by more than the rate of inflation. Higher taxes relative to neighboring states will continue to drive Marylanders out of the state and lowering the tax base. This is especially true for retirees and upper middle and higher income earners as shown in recent years by the Annual 2023 United Van Lines Annual National Movers Study. The survey shows that while the adjacent states of Delaware, Virginia, and West Virginia have seen large net immigration over the last five years Maryland has had large net emigration from the state. The survey shows excessive taxes and fees on those that have significant mobility are major factor in Marylanders net emigration from the state...

Meals for students should be funded from the general state tax fund or from the huge overly expensive Maryland Blue Print for Education not through excise taxes. on manufactures, distributors, or consumers. Assuming that distributors and retailers pass this bills tax on to consumers the full tax on consumers this would make a 2litre (68 ounces) that before cost \$2.00 now cost \$3.36 before sales tax. Why should a consumer of a soda bear a huge tax of 68 percent before the sales tax. Frankly in my opinion this is one of the most ludicrous taxes I

have ever seen proposed. Sodas are not a luxury item. I agree some people over consume them, especially the natural sugared ones however consumers overly consume many food items that are not the best choices for their health. Moreover, most medical people would argue that most heavily sugar added foods are on net healthier with artificial sweeteners than sugared ones, given obesity rates in our country. Why tax artificial sweeteners or any FDA approved sweetener like this.

Maryland politicians have been raising our taxes both explicitly and implicitly for years and it has made Maryland a noncompetitive state from a tax stand point relative to most of its neighboring states. To me and many other Marylanders, the problem is state overspending that needs to be addressed by spending cuts not through more and new taxation and fees, especially very poorly conceived excise taxes such as this. Many Marylanders myself included have had it politically with the continued state overspending and the politicians that support it. It is why the state has its large projected deficit in 2025 and in coming years. This ever increasing real tax and fee burden is especially negative for low and middle class Marylanders and retirees. The state's high cost of living and taxations and fees are driving many Marylanders to emigrate out of the state.

I believe Maryland as a spending problem with Maryland politicians being too beholding to the special interest groups that support them and thus grant them with spending and tax benefits at the expense of taxpayers as group. It is long overdue that Maryland balance its budget on the spending side not by raising taxes and fees. In my opinion the biggest driver of the Maryland deficits is Maryland's Blue Print For Education. To raise taxes and not reduce spending in the Blue Print for Education is ridiculous in my opinion.

I firmly believe that Maryland's Blue Print For Education passed in 2021 needs to be reduced significantly in cost going forward, made fiscally responsible, with more oversight. The laws required 38 billion dollars in increased spending over a ten year period through 2031 The time line for implementation should be lengthened as well. If not, tax rates and fees for Marylanders will increase at an extremely fast rate over the next decade. In a wealthy state such as Maryland, students deserve good to very good schools and need to be strongly encouraged to take advantage of it. Personal effort and determination are major factors in one's success in any field of endeavor. However as it for virtually all spending beyond a certain point, diminishing returns exist where the benefits are significantly less than the costs with the opportunity costs rising in the forms of higher taxes and less funding availability for other projects. Numerous independent groups have called out the Maryland Blue Print for Education as being far too expensive, fiscally

irresponsible, and lacking oversight. Moreover, I believe counties should have input on the level of school spending and what they can afford. Counties should have the option to opt out of part of it and lose matching state funds should they decide to do so. Anne Arundel County real estate taxes were raised 5 percent in 2023 and we all know the over whelming reason why.

Please show fiscal responsibility and do not raise the general tax burden on most Marylanders. Extreme taxes such as this I believe that it will only increase the exodus of Marylanders from the state. I believe more Maryland voters are demanding more fiscal responsibility from its elected representatives. If a bill like this gets passed I will lose confidence in Maryland ability to produce reasonable tax policies.

Sincerely,

Paul A. Sundell