

The Honorable Vanessa Atterbeary
Chair, House Ways and Means Committee
House Office Building
Annapolis, MD 21401

Re: Opposition to House Bill 1469 – Sugary Beverage Distributor Tax ("For Our Kids Act")

Dear Chair Atterbeary, Vice Chair Wilkins, and Members of the Committee,

I write to you today on behalf of Royal Farms to express our strong opposition to House Bill 1469, which seeks to impose a two-cent per ounce tax on sugary beverages in Maryland. While Royal Farms fully supports initiatives that promote public health and childhood nutrition, we believe this proposal is a harmful and regressive tax that will disproportionately impact Maryland's working families, small businesses, and thousands of employees across the state.

A Regressive Tax That Increases Costs for Consumers

This tax places an undue burden on Maryland families, many of whom are already struggling with the rising costs of food, utilities, housing, and transportation. A two-cent per ounce tax would drastically increase the cost of everyday grocery items, making it harder for families to afford the products they rely on.

- The price of a 2-liter bottle of soda would increase by \$1.35, effectively doubling the cost of some brands.
- An 18-pack of 12 oz. sports drinks would see a \$4.32 increase—a substantial hike on a common grocery item.
- Maryland is already ranked seventh highest in cost of living nationwide. This tax will only make daily expenses more unaffordable for the very people legislators aim to help.

Historically, beverage taxes have proven to be regressive, disproportionately impacting low-income families, who spend a larger portion of their income on groceries. Rather than alleviating financial pressures, this bill adds another expense to their already strained budgets.

Hurting Maryland Businesses and Workers

House Bill 1469 will negatively impact Maryland's retail businesses, including convenience stores, grocery stores, and restaurants, which rely on beverage sales as part of their revenue. When prices rise, customers change their shopping behaviors, often taking their business out of state to avoid the tax.

- Cross-border shopping is a major concern. Maryland shares borders with Pennsylvania, Delaware, Virginia, West Virginia, and Washington, D.C. Shoppers will go across state lines to buy beverages at lower prices, taking their entire grocery budgets with them.

- Small businesses will suffer. When customers shop elsewhere, Maryland’s small businesses, restaurants, and independent retailers lose revenue—not just on beverages, but on other essential items they would typically purchase.
- Beverage industry jobs are at risk. The beverage industry supports 3,861 jobs in Maryland. When sales decline due to taxation, it jeopardizes these jobs, leading to layoffs and reduced work hours, as seen in Philadelphia after a similar tax was enacted.

Lack of Proven Public Health Benefits

While the stated goal of this tax is to reduce obesity and improve public health, there is no conclusive evidence that beverage taxes achieve these outcomes.

- Consumption of sugar-sweetened beverages has already declined to a 34-year low, yet obesity and diabetes rates continue to rise.
- Nearly 60% of beverages sold today contain zero sugar. The beverage industry has actively responded to consumer demand by offering more low- and no-sugar options than ever before.
- Studies from other cities with soda taxes, such as Philadelphia and Cook County, Illinois (home of Chicago), have found no meaningful impact on obesity rates. These taxes fail to achieve public health goals but succeed in making groceries more expensive.

A Better Way Forward

Rather than imposing a burdensome tax, Maryland should partner with businesses to support initiatives that promote healthier choices without raising costs for families. The beverage industry has already demonstrated a commitment to working with policymakers—as seen in the voluntary removal of full-calorie soft drinks from Maryland schools in 2010 in partnership with former President Bill Clinton.

Public health solutions should be rooted in education, access, and choice—not punitive taxes that hurt the very people they intend to help.

Conclusion

House Bill 1469 is a flawed and harmful proposal that will:

- ✓ Increase grocery costs for Maryland families
- ✓ Hurt local businesses and lead to job losses
- ✓ Fail to deliver meaningful public health benefits

For these reasons, Royal Farms urges the committee to issue an unfavorable report on House Bill 1469.

Thank you for your time and consideration. I welcome any further discussion on how we can work together to promote better health outcomes without adding financial burdens to Maryland families and businesses.

Sincerely,

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