



NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: Senate Budget and Taxation Committee

FROM: NFIB – Maryland

DATE: January 27, 2021

RE: **SENATE BILL 172** – Maryland Health Equity Resource Act

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America’s small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland’s small businesses, NFIB opposes Senate Bill 172’s provision that will increase the state’s sales tax on alcohol from 9% to 10%.

NFIB commends the sponsor for his efforts to address health disparities in communities across our state. Further that SB172 aims to improve access to health care facilities and physicians.

However, NFIB is concerned a primary source of funding for the “Health Equity Resource Community Reserve Fund,” established under the bill, is through a hike to the state’s sales tax on alcoholic beverages sold for on- and off-premises consumption. Raising the sales tax to 10% as the bill calls for will give Maryland the unwelcomed distinction of having the highest tax rate amongst its neighbors in Delaware (0%), Virginia (max of 7%), West Virginia (max of 7%), and Pennsylvania (max of 7%). Given Maryland’s unique geography and compact size, SB172 will put many small businesses, restaurants, bars and taverns at a competitive disadvantage to their neighbors just over state lines.

NFIB strongly supported legislation last year establishing a commission to evaluate the State’s current tax systems and make recommendations to ensure Maryland’s tax policy is competitive with surrounding jurisdictions and encourages business growth and job creation. Our members and their workers have faced financial hardships not seen in generations because of the COVID-19 pandemic.

SB172

We encourage the General Assembly to revisit the idea of such a commission before passing legislation like SB172. For these reasons, **NFIB opposes SB172's** provision to raise the state's sales on alcohol.