



TO: Health and Government Operations Committee  
Ways and Means Committee  
FROM: Brewers Association of Maryland  
Maryland Distillers Guild  
Maryland Wineries Association  
RE: HB 463 – Maryland Health Equity Resource Act  
Position: OPPOSE  
DATE: February 2, 2021

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Good Afternoon Madame Chair and members of the Committee. My name is Sarah Healey, and I am the President of the Brewers Association of Maryland. My testimony today solely relates to our OPPOSITION to the tax increase proposed in House Bill 463.

In the interest of your time, I am here representing all three of Maryland's alcohol manufacturing sectors. I am speaking on behalf of the 275 small businesses that are members of the Brewers Association of Maryland, the Maryland Distillers Guild, and the Maryland Wineries Association. We have the same common interest in this legislation and therefore our position is the same.

Our opposition is narrowly focused on the disparate impact this legislation would have on our small Maryland businesses. We recognize that the objectives of the bill are to address important societal goals. However, HB 463 does not share the burden of meeting these societal goals across all of Maryland. Instead, it focuses disproportionately on our small businesses, which are all in a historic struggle to survive.

Our businesses are not large international conglomerates which market products world-wide. Only one of the 275 members of the three organizations I represent here today started outside the state of Maryland. These businesses represent exactly what we want Maryland: Marylanders hiring Marylanders to manufacture and sell locally made products right here in this state.

As start-ups, many of us cannot afford to pay ourselves regularly or even offer health insurance to our employees. Both are goals every one of us would like to achieve as our business grows. We all fear that the tax provisions of SB 172 will make those goals even further away from attainment.

Our production is in Maryland, and as a result, our product is taxed twice by the State. All three products are levied with high excise taxes. Predominately, these taxes are paid by us at the time of manufacture, often before we know we even have a customer for our product. This is different than almost any other consumer product on which sales tax is paid. We are disheartened to know that the proponents of this bill would target small Maryland employers, who are already burdened with a tax levied on no other consumer product.

This double tax burden is in addition to the fact that the sales tax on alcohol is already levied at the highest rate of any other consumer product.

As you know, the effect of COVID-19 has been nothing short of devastating on small businesses. All 275 of our businesses previously depended on Marylanders visiting our locations to buy our consumer product. That changed in March as we closed our doors to visitors only to have many consumers shy away from visits, even when – and in some cases “if” – they were allowed to return. The effect has been profound, and all the small businesses will feel this negative effect for years to come.

Please know, I am not here to tell you how to craft Maryland tax policy. I am here to let you know how the unintended effects could affect the 275 Maryland alcohol manufacturers that are struggling every day to capture sales to keep the doors open and make payroll.

When you look at the tax provisions of HB 463, please remember that they fall equally on a marketplace that is very unequal. Maryland wine accounts for only 3% of wine consumed in the State. Maryland beer for less than 10% of all in-state beer sold. Maryland distilled products are below 1% of consumption in Maryland. Yet the new tax burden in HB 463 lumps our products in with those of much greater market share, with no consideration of that market disparity.

For these reasons we respectfully ask this Committee to revisit the tax portions of HB 463 and to delete the disparate increase in the alcohol sales tax. Thank you for your time.

For more information contact Brad Rifkin, Camille Fesche or Pat Roddy at 410-269-5066.