

Maryland Legislative Testimony February 2, 2021

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Hello I'm Neal Katcef, President and Owner of Katcef Brothers, a beverage wholesaler here in Annapolis, Maryland, submitting testimony in opposition to HB0463, the Maryland Health Equity Resource Act.

To be clear, I fully support efforts to tackle health disparities in our state, but the way in which this bill proposes to pay for that program, through a tax on businesses that are already hurting, is not the way to do it.

As a wholesaler, we have worked with retail stores, restaurants, bars, and live event venues to supply them with beverages from around the world for nearly 90 years. These businesses are struggling to get by, and unfortunately COVID-19 was too much for some of our customers to bear. The last thing our remaining and struggling partners need is a tax increase.

There are several reasons why higher taxes can't be considered in a vacuum.

While people want to get back to normal as quickly as possible, the fact of the matter is that half of all adults say they have no intention of returning to on-premise dining or drinking in the near future. Until the pandemic subsides, we need to help affected workers and businesses. I understand that the tax increase will not impact bars and restaurants during the first two years. However, recovery will be a long, multi-year journey, meaning that the first thing bars and restaurants will experience once they get back to "normal" operations is a tax increase.

Beer and the industries that it supports represent \$4 billion in economic activity and 30,000 jobs in Maryland. But that's 12,000 fewer jobs than the sector had before the pandemic. Our state, which depends heavily on hospitality and tourism, can't afford more job losses.

Additionally, our state has been hit with economic impacts at every level. Ultimately these taxes are going to be paid by consumers, and they need help—not higher costs—right now as well.

Finally, our geography puts us at a disadvantage for these product specific taxes. It doesn't take very long to get to a state that has lower alcohol prices than Maryland, and price conscious consumers will hop in their car to do so, as we saw with our last alcohol sales tax increase in 2012.

As we look to recover from COVID-19, we must pursue common sense, broad-based solutions that don't target a single industry or place a greater burden on working class Marylanders. Let's help our friends and neighbors in the bar and restaurant business, not put another hurdle in their way.

Thank you.