



## House Bill 995

### Sales and Use Tax – Restaurant Utilities – Exemption

February 18, 2021

#### Position: SUPPORT

Madame Chair and Members of the Ways and Means Committee:

The Restaurant Association of Maryland strongly supports House Bill 995, which would restore a sales tax exemption on our industry's purchase of energy we use to produce and serve the food we sell.

Before 1992, restaurant/foodservice establishment purchases of energy (*electricity, oil, liquified petroleum gas, or artificial or natural gas*) used to produce food for resale were exempt from sales tax. The General Assembly repealed this tax exemption through a budget reconciliation bill passed during a 1992 Special Session.

Other Maryland industries benefit from such a sales tax exemption on energy used in their production. The restaurant industry's 4 to 6 percent average profit margin is lower than many other industries that continue to benefit from the same energy sales tax exemption we lost.

Restaurants use more energy per square foot than many other commercial buildings. We use energy for refrigeration, cooking and safe holding/handling/serving of the food we produce for sale under strict regulatory and sanitation controls.

The District of Columbia, Virginia and other states also exempt restaurants/foodservice establishments from energy sales tax.

The restaurant and foodservice industry continues to struggle to recover from the COVID pandemic and devastating business losses. Maryland should restore the energy sales tax exemption for restaurants and defined foodservice establishments to assist our industry on our long road to recovery.

For these reasons, we support this legislation and request a favorable report.

Sincerely,

Melvin R. Thompson  
Senior Vice President  
Government Affairs and Public Policy