



**MARYLAND STATE
LICENSED BEVERAGE ASSOCIATION**

150 E Main Street, Suite 104, Westminster, MD 21157

TO: The Honorable Anne R. Kaiser, Chair
The Honorable Dereck E. Davis, Chair
Members, House Ways & Means Committee
Members, House Economic Matters Committee
Administration

FROM: J. Steven Wise
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Danna L. Kauffman

DATE: February 4, 2021

RE: **SUPPORT** – House Bill 612 – *Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families (RELIEF) Act*

The Maryland State Licensed Beverage Association (MSLBA), which consists of approximately 1,000 Maryland businesses holding alcoholic beverage licenses (restaurants, bars, taverns and package stores), **supports** House Bill 612.

House Bill 612 provides important economic relief for small businesses like those that comprise the MSLBA, in particular bars and restaurants that have been devastated by the COVID-19 pandemic. MSLBA is supportive of the bill in full, but two specific provisions will be very beneficial to our members and are the focus of this letter.

First, the enhanced sales and use tax credit will be extremely beneficial to small businesses, allowing them to retain cash that would normally be sent to the State. The bill allows vendors to retain an increased tax credit in the four months following passage of the bill. The amount of the allowed credit is equal to the lesser of the amount of sales and use tax collected during the month, or \$3,000. Only employers that timely file their return and do not remit more than \$6,000 in tax in their return are eligible. According to DLS, 90% of employers remit less than this amount each month, meaning this credit will reach many small businesses.

Second, the bill excludes fiscal years 2020 and 2021 from the rating years used for determining an employer's unemployment insurance (UI) taxes. An employer's specific unemployment claims history is used in determining an employer's tax rate. As one can imagine, the number of claims for UI during 2020 and continuing into 2021 are at levels not seen before in our industry, which would mean a massive hike in taxes for most of these employers if those years are used in calculating rates. Governor Hogan's Executive Order of December 2020 effectively froze those rates, but House Bill 612 provides relief to employers going forward by not including those years in calculating rates.

MSLBA strongly supports House Bill 612 and in particular those provisions discussed above, which will provide important relief to our members and employers in other industries.

For these reasons, we ask that the Committees support this legislation.

For more information call:

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