

TESTIMONY OF MR. TOM DEBOLT  
GENERAL MANAGER OF BENELLI U.S.A. AND  
PRESIDENT OF STOEGER INDUSTRIES, INC.

SB 784- COMPREHENSIVE COMMUNITY SAFETY FUNDING ACT- UNFAVORABLE

My name is Tom DeBolt and I am General Manager of Benelli U.S.A. and President of Stoeger Industries, Inc. Along with our sister company Beretta U.S.A., all three of these companies are headquartered in Maryland. Our offices are in Accokeek in Prince George's County. In addition, Benelli U.S.A. and Stoeger have a warehouse, shipping center and gunsmithing operation in Pocomoke City on the Eastern shore.

As currently written, SB 784 would arguably impose an 11% excise tax on almost every firearm we sell. We believe the intent of the bill was to impose such a tax on retail consumer sales but the bill itself does not say that. It applies the tax on almost all firearm, ammunition and spare magazine sales made by any federally licensed firearm dealer in the State.

Each of our three companies is a federally licensed firearm dealer and due to tax nexus from our operations, we treat all of our firearm sales as having been made from within Maryland, even though our distributor, chain store and retail dealer customers are almost all in states other than Maryland. We have almost no sales to retail consumers located in Maryland and when we do it is typically only to our employees.

In aggregate, these three companies sell over \$500 million worth of firearms each year. In aggregate, we pay well over \$3.5 million in taxes and fees to the State of Maryland and over \$9 million to our Maryland resident employees, of which we have 103. If we have to add 11% to the cost we charge on all such sales, we

simply cannot afford to maintain our sales and other tax nexus creating activities in Maryland. This would be not only because of the massive cost involved—over \$55 million—but also because our competitor manufacturers, importers and distributors in other states are not similarly disadvantaged by such a tax.

If SB 784 becomes law we would be forced to move our sales and related activities out of Maryland. If we move our core operations, we would also have to determine whether it made sense to move all of our operations to another state, thus imperiling around 103 jobs to our Maryland workers and depriving them of the health care benefits, life insurance, income and other benefits they and their families now receive because they work for us.

In addition, the State of Maryland would be deprived of all investment we make in the state, as well as the benefit of our tax and other payments made directly to the State or through our payment of taxes on behalf of our Maryland employees.

While we understand and sympathize with the use to which SB 784 taxes would be applied, there is something fundamentally unfair to the law-abiding residents of the state who alone would have to pay for the cost of firearm misuse by criminal and other persons whose conduct the law-abiding residents neither condone nor control. All Maryland residents suffer from the costs of firearm misuse. We believe all should contribute equally to address those costs.

I am a longtime Maryland resident. On behalf of the employees of Benelli U.S.A., Stoeger Industries and Beretta U.S.A. I implore this Committee to vote against SB 784.