



## HOUSE BILL 1209

### Tax Compliance and Administration Act of 2009

March 12, 2009

#### **POSITION: Oppose**

Madame Chair and Members of the Ways & Means Committee:

On behalf of the members of the *Restaurant Association of Maryland*, we strongly oppose provisions in House Bill 1209 that would eliminate the sales tax vendor timely filing credit.

Proper calculation, collection and monthly reporting of sales tax consume administrative resources that could otherwise be used in other areas of a business. The purpose of the vendor's credit is to partially compensate businesses for performing the job of collecting and remitting sales tax for the state.

If this credit is eliminated, legislators would effectively increase the expense businesses incur in collecting and remitting sales tax. This is an additional expense that our businesses simply cannot afford, especially given the current impact of the recession.

Like other retail businesses, many restaurant customers pay via credit card. In fact, one of our fine dining restaurants recently shared that credit cards are used to pay the bill in 98 percent of his customer transactions. Because sales tax is included in the credit card total purchase amount, it contributes to the service fee that business owners pay to credit card processing companies. In our industry, credit card processing fees average about two percent per transaction. When you factor in credit card processing fees and the current vendor credit, many retail businesses are already losing money through the collection of sales tax. If anything, the vendor credit should be increased.

For these reasons, we oppose HB 1209 and request an unfavorable report.

Respectfully submitted,

Melvin R. Thompson  
Senior Vice President  
Government Affairs and Public Policy  
Restaurant Association of Maryland  
6301 Hillside Court  
Columbia, MD 21046  
410-290-6800