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Senate Bill 843 - Sales and Use Tax - Licensed Statewide Caterers - Exemption

Budget and Taxation Committee

February 19, 2020

SUPPORT

Senate Bill 843 provides an exemption from the sales and use tax for the sales of materials or supplies to a licensed statewide caterer. The exemption will qualify if the materials are to be used by the caterer to perform a contract for off-site catering services and used directly by the caterer in the sale of food and beverages. The legislation requires a licensed statewide caterer apply to the Comptroller for an exemption certificate.

Currently, the Comptrollers office only recognizes food and beverages as the core part(s) of business for caterers. As such, caterers must pay a tax on products they procure for events they are catering. These products include, but are not limited to, tables, chairs, flowers, parking, valet services, tents, lighting, and any type of decor.

The current sales and use tax structure is, therefore, duplicative as caterers then are required to charge a tax on the services they provide. The proposed legislation would remove this duplicative charging.

For the aforementioned reasons, **the Chamber supports Senate Bill 843 and respectfully urges a favorable report.**

The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our nearly 500 members by advocating for increased business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and is proud to be a Montgomery County Green Certified Business.