



6240 Old Dobbin Lane ■ Suite 110 ■ Columbia, MD 21045

March 7, 2024

Honorable Vanessa Atterbeary  
Chair - House Ways and Means Committee  
131 Taylor House Office Building  
6 Bladen Street  
Annapolis, MD 21401

Re: HB 1515 Sales and Use Tax – Rate Reduction and Services  
Position: Opposed

Dear Delegate/Chair Atterbeary:

The Howard County Chamber of Commerce (“Chamber”) is a business organization comprised of small business, corporations, non-profits, and governmental agencies, all working together for the betterment of the Howard County business community. Our mission is to provide advocacy, connections, and access to timely information to advance the growth and success of the Howard County business community.

This legislation was vetted by this committee in 2020 and there have been many organizations that have raised valid reasons in opposition that pertain to their associations or industry. The Chamber’s primary opposition to HB 1515 is that the sales tax is a “regressive” tax, and an increase of this magnitude would cause a significant increase in Maryland’s cost of living, which is currently rated 7<sup>th</sup> highest in the nation, according to Forbes Advisor.

Lower income workers will be the most affected because more of their income is subject to sales tax. If the Maryland General Assembly is concerned about lower income workers’ access to affordable housing and wages, they would not support passage of HB 1515.

The Maryland business community has consistently warned the General Assembly about the adverse effect that tax increases such as HB 1515 have on Maryland’s business climate compared to competing jurisdictions. This concern was reinforced by the recent State of the Economy report by the Maryland Comptroller, which states: “Maryland’s economic growth effectively stalled in 2017 and, outside of the pandemic, has been stagnant ever since.”

We understand that the intention of HB 1515 is to increase revenue and eliminate the state deficit but doing so in this manner will cause more harm than the benefit intended.

(more)



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There are 17 Services that **ARE subject to the Maryland Sales and Use Tax.**

It is not practical to provide a complete list of the services that **ARE NOT subject to the Maryland Sales and Use Tax**, that list is virtually endless. If you have not heard from your local barber, beautician, drycleaner, health club, childcare provider, cable provider, electrician, plumber, car repair, or realtor, etc. you eventually will. There are going to be many small businesses, where the imposition of HB 1515 will be impractical and cause unwarranted administrative difficulties.

We should ask ourselves the question: why has Maryland avoided taxing services?

One reason would be due to lack of public support.

During the Special Session of 2007, the General Assembly enacted SB 2 imposing a 6% sales tax on "Computer Services" to be effective in January 2008. There was such a furious statewide reaction from business and constituents that the tax was rescinded as soon as the 2008 General Assembly convened in 2008. Imagine what the reaction will be from the passage of HB 1515 in 2024?

The sponsors may believe by reducing the sales tax to 5%, the bill will be received as a reduction rather than an increase in the sales tax; however, voters will soon be informed that the annual sales tax will increase by an estimated \$2.9 Billion. Then they will realize that the increase in sales tax is going to impact them either directly or be passed on to them in higher prices. Furthermore, as people see all the additional services to which the 5% sales tax will apply, they will likely become unsupportive.

The reason that the General Assembly has avoided sales tax on business-to-business sales is because: business products and services are already being taxed via corporate income tax, personal income tax, employees' income tax, other fees, and taxes, etc. and incorporated into the cost of the retail, wholesale, construction price, etc.

The Howard County Chamber respectfully requests an unfavorable report on HB 1515

Sincerely

Kristi Simon  
President