



March 7, 2024

The Honorable Venessa E. Atterbeary
House Ways and Means Committee
Room 131, House Office Building
Annapolis, Maryland 21401

RE: House Bill 1515 - Sales and Use Tax - Rate Reduction and Services - UNFAVORABLE

Dear Chair Atterbeary and Members of the Committee,

I am writing on behalf of the Insurance Agents & Brokers of Maryland (IA&B), a trade association comprised of nearly 200 independent agencies, employing approximately 1,800 licensed Maryland insurance producers, which are located in and doing business throughout the Maryland and the surrounding states.

We write to oppose House Bill 1515.

The insurance business in Maryland, as in many other states, has been heavily regulated under State law for well over 100 years. Part of that regulatory framework, again in most states, includes the imposition of a “premium tax” on most insurance premiums paid in the State. This system of taxation permits the operation of the Maryland Insurance Administration as a self-sustaining independent agency, and also brings in significant income for the State.

Imposing an additional sales tax on certain services that may be related to the insurance transaction is therefore duplicative; moreover, it could result in the phenomenon known as “pyramiding,” under which taxes could be applied at different levels of the transaction. During the present era of high inflation, it is well known that insurance premiums have increased substantially. A sales tax on services related to the provision of insurance will only serve to exacerbate that problem.

For these reasons, we request an unfavorable report on House Bill 1515.

Sincerely,

Johnathan Savant
Government Affairs Director