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In Senior Care and Services*

Senate Budget and Taxation Committee

March 12, 2025

Senate Bill 1045 – *Sales and Use Tax – Taxable Business Services – Alterations*

POSITION: OPPOSE

On behalf of the LifeSpan Network, the largest and most diverse senior care provider association in Maryland representing nursing facilities, assisted living providers, continuing care retirement communities, medical adult day care centers, senior housing communities and other home and community-based services, we respectfully oppose Senate Bill 1045.

Senate Bill 1045 would impose a 2.5% tax on certain services provided by one business to another. Several of the identified services, such as billing and record keeping, electronic health records, and staffing agencies, would impose a significant financial burden on the members of the LifeSpan Network that provide care to the State's elderly and vulnerable residents, often through State and federal programs, such as the Medicaid program. For those that participate in these programs, this tax becomes an unfunded mandate on a system that is already underfunded and fails to cover the cost to provide the care.

Unlike other businesses, this tax cannot be passed on to the individuals who receive the care. For those that do not participate in State and/or federal programs, the ability to pass the tax on is also limited. Passing the tax will result in higher health care costs. Given that many of the clients are on fixed incomes, the State runs the risk of those clients paying more, spending down their resources and ultimately requiring State assistance at a higher cost to the State.

Exacerbating the above funding issues is the fact that the corporate structure of many of these entities is such that the tax will result in intracompany taxable services. In this scenario, one entity may provide employment services or business services, such as human resources and IT services to another affiliated entity. Under the bill, these services will be subject to the tax as if they were being performed by two completely different entities rather than an entity with a common relationship.

Therefore, for these reasons, we oppose Senate Bill 1045. At the very least, entities that provide health care services should be exempted from this bill.

For more information call:

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