

Senate Bill 1045

Date: March 10, 2025

Committee: Senate Budget and Taxation Committee

Position: Opposed

Dear Chair Guzzone and Members of the Committee,

As the president of a Maryland based Service-Disabled Veteran Owned Small Business, I write to express my strong opposition to Senate Bill 1045 that creates a new 2.5% tax on many services my company relies on to conduct business. My business's industry of government contracting is constantly bombarded with threats to cashflow and stability. We are at a constant threat of bankruptcy due to Continuing Resolutions, funding freezes, delayed payments, and the unreasonable levy of frivolous taxes and fees in order to conduct our business for the federal government within Maryland's borders.

My company outsources bookkeeping to a Maryland-based accounting and CPA firm that costs \$120,000 a year. Due to regulations in the banking industry, we must also pay \$40,000 a year to have an independent review of our books. Our tax preparation and filing costs an additional \$20,000 a year. These outsourced services to local Maryland firms will cost almost \$5000 more a year under this new tax. As a small business our margins are already very thin and unpredictable.

As a prudent business owner, I have choices to maintain stability and sustainability. I can lay off a Maryland based employee to cover the additional tax burden. I can stop outsourcing our accounting to the local Maryland firm and can hire a remote employee from a more business friendly state to maintain our books. I can sell my business to a larger out-of-state firm like ManTech International, who would move my firm to the more business friendly state of Virginia. I have offices that can be converted to headquarters in Georgia, Texas and Florida, all of which are more business friendly than Maryland. Whichever is my choice, Maryland will realize a reduction in revenue from my business' taxes with this bill instead of the intended increase.

The Maryland state legislature conducts a constant attack on the very businesses that fund the operations of this state. As business owners we are constantly demonized by rhetoric that suggests we don't pay our fair share, that we put profits over employees or that we are greedy. Bills like Senate Bill 1045 reflect this rhetoric and solidify the disdain the Maryland Legislature has for small businesses.

Sincerely,

A handwritten signature in black ink, appearing to read 'J Stokes', with a stylized, cursive flourish at the end.

Jacob Stokes

President

Belay Technologies, Inc.