

## **Testimony to the Maryland Legislature**

### **Budget & Taxation**

#### **SB 1045 - Sales and Use Tax - Taxable Business Services - Alterations**

**March 11, 2025**

Honorable members of the Budget & Taxation Committee, thank you for the opportunity to submit testimony on Senate Bill 1045 - Sales and Use Tax - Taxable Business Services – Alterations. UPS strongly requests amendments to this bill, specifically as it relates to a tax on repairs to trucks/towing and IT services. UPS is the largest Teamster employer in the country, owning a fleet of over 125,000 vehicles across the world with almost 2,500 located here in Maryland and supported by over 10,000 employees working throughout the state. UPS appreciates the legislatures efforts in looking for creative solutions to generate revenue for the State. Although UPS would be impacted by the numerous services included in the bill, UPS strongly requests an amendment specific to an exclusion on truck repair/towing services, along with IT services from the proposed 2.5% business to business service sales tax.

Unlike many of the services identified in this bill which are broadly applied to businesses across many sectors, a proposed tax on labor for repairs, maintenance services and towing are targeted uniquely to the transportation industry which already pay high taxes and fees. Senate Bill 1045 bill singles out heavy truck repair and compliance requirements which increases our operational costs, ultimately to be passed down to our customers. A tax on local trucking is a tax on the Maryland communities that rely on UPS for deliveries, including medicine and other essential goods. Any increase in package delivery cost places more financial burden on low and middle income communities that may have no other way to receive goods other than by truck.

UPS is also concerned with the impact on our Timonium facility from a tax on IT services. The Timonium facility is staffed by approximately 350 highly compensated IT professionals who work with various IT vendors for software customization services. The jobs connected to these products could shift and be absorbed by our much larger IT centers located in New Jersey or Georgia.

In conclusion, while it is essential for the state of Maryland to meet its stated financial revenue targets, implementing a sales tax on these services, specifically on truck repair/towing and IT services, would have significant negative implications for the Maryland economy and its residents who rely on goods movement via truck. I urge the committee to consider these potential consequences and amend the bill for all the reasons aforementioned.

Thank you for your time and consideration.

Sincerely,



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