

The Honorable Guy Guzzone
Chair, Senate Budget & Tax Committee
11 Bladen Street
Annapolis, MD 21401

Re: Opposition to Senate Bill 1045 – Sales and Use Tax on Business Services

Dear Chair Guzzone, and Committee,

On behalf of the Prince George's Chamber of Commerce and the diverse business community we represent, we write to express our strong opposition to Senate Bill 1045, which seeks to expand the sales and use tax to various business services in Maryland. This bill would impose undue financial and operational burdens on businesses, particularly small and minority-owned enterprises, which are the backbone of Prince George's County's economy.

Detrimental Economic Impact

Expanding the sales and use tax to include professional services such as accounting, consulting, information technology, financial planning, and employment services will significantly increase costs for businesses of all sizes. Many of these services are essential for business operations, and this tax will ultimately be passed down to consumers, making Maryland a less competitive place to do business.

Disproportionate Burden on Small Businesses

Small businesses often rely on outsourced services to remain competitive in their industries. The proposed taxation of professional and operational support services will create additional financial strain, discouraging business expansion, hiring, and investment. Many of our small and minority-owned businesses operate on thin margins, and this new tax would further erode their ability to thrive in an already challenging economic environment.

Competitive Disadvantage for Maryland Businesses

Neighboring states such as Virginia and Delaware do not impose a sales tax on business-to-business services. This puts Maryland at a significant competitive disadvantage, potentially driving businesses to relocate or seek services outside the state, resulting in lost revenue and job opportunities. Instead of fostering an environment conducive to economic growth, this bill would create an unnecessary burden on Maryland's business community.

Negative Consequences for Workforce and Economic Development

Maryland has long been committed to fostering workforce development and economic growth. However, taxing services directly tied to business operations—such as payroll services, office support, and contractor placement—contradicts this goal. By increasing costs for businesses, this bill would likely lead to reduced hiring, job losses, and slower economic growth across industries.

Conclusion

For these reasons, the Prince George's Chamber of Commerce strongly opposes Senate Bill 1045. We urge you to reconsider this legislation and instead focus on policies that promote business growth, job creation, and a competitive economic environment in Maryland.

We appreciate your time and consideration of our concerns. We welcome the opportunity to discuss alternative solutions that support Maryland's economic development without imposing unnecessary financial burdens on its business community.

Sincerely,

Alexander K. Austin

Alexander Austin
President & CEO
Prince George's Chamber of Commerce