



On behalf of our members and the undersigned organizations, we write to express our strong opposition to HB 1554 and SB 1045.

This proposal imposes a sweeping business-to-business tax that will burden nearly every business that operates in the State of Maryland. Businesses will be taxed for utilizing services provided by other businesses - this is unheard of in America. Additionally, as part of this sweeping proposal, advertising will also be directly taxed, something that no other state in America does.

At a time when Governor Wes Moore has rightly emphasized making Maryland more competitive, this proposal does the exact opposite. Not only would this harm businesses of all sizes, but it would undermine Maryland's economy at a time when the state should be working to attract investment. A new tax on businesses will stifle economic growth, deter investment, jeopardize jobs across the state.

Despite these very real consequences, Maryland legislators are poised to push through legislation that is diametrically opposed to Governor Moore's very clear policy objectives.

HB 1554 and SB 1045 establishes a punitive tax on all business-to-business services, data processing, and advertising. No other state has enacted such a destructive tax, and none of Maryland's regional neighbors have either.

Advertising is a key driver of economic activity - employing nearly 470,000 Marylanders and contributing \$93.8 billion annually to the state's GDP. Advertising helps businesses reach new customers, expand their operations, and create jobs. By increasing the cost of advertising, this tax will discourage companies from marketing their products and services, resulting in lower sales, job losses, and a weaker local economy. This is especially damaging for small businesses, which rely on affordable advertising to compete with larger corporations. Additionally, local media outlets—already facing financial challenges—would see their advertising revenue shrink, potentially leading to job cuts and reduced news coverage for Maryland communities.

Maryland is already facing a nearly \$4 billion budget deficit, and this approach will only make matters worse. Instead of fostering economic expansion to increase revenue, taxing advertising

will suppress business activity, leading to reduced sales, lower tax collections, and further economic contraction. Penalizing businesses for promoting their products and services is not the solution to Maryland's financial challenges.

If the members of the Maryland General Assembly convened a summit to discuss ways in which they can destroy Maryland's business environment and increase prices on all Marylanders, HB 1554 and SB 1045 would be the perfect place to start.

However, this is the real world, and not a fantasyland. This proposal would have a devastating impact on real people. Marylanders are already navigating significant economic pressures including the lingering effects of runaway inflation. Additional taxes would only compound these challenges, driving people and investments out of the state. Maryland business owners and entrepreneurs already face extreme headwinds – the last thing they need is to be taxed on the activities they rely on to operate.

We urge members of the Maryland General Assembly to reconsider this approach and heed Governor Moore's call to make Maryland a more competitive state for business. Stand with Maryland businesses and oppose HB 1554 and SB 1045.

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