



Engineering Services for Biomedical Research

March 10, 2025

Senate Budget and Taxation Committee

Position: Opposed

Subject: Opposition to Senate Bill 1045 – A Harmful Burden on Small Businesses

Dear Chair Guzzone and Members of the Committee,

I am writing to express my strong opposition to Senate Bill 1045, which would expand Maryland's sales and use tax to essential business-to-business (B2B) services. For small businesses like mine, this additional 2.5% tax is not just another expense—it is an economic and operational burden that could mean the difference between success and failure.

Small businesses already face significant challenges in securing and serving business clients. Margins are tight, and the ability to compete depends on keeping costs manageable. This new tax would directly raise expenses for essential services like accounting, IT support, and consulting—services that small businesses must rely on because they lack in-house resources. Unlike large corporations that can absorb or internalize these costs, small businesses would be forced to either raise prices, cut staff, or reduce investment in growth—all of which weaken Maryland's economy.

Beyond the financial impact, this bill imposes a serious productivity cost. Tracking, collecting, and remitting a new tax requires administrative time and expertise that small businesses with only a few employees simply do not have to spare. Every hour spent on compliance is an hour lost on serving customers, improving products, and growing the business. This kind of government-imposed friction disproportionately harms small enterprises, making it harder for them to compete, survive, and thrive.

Most importantly, this tax comes at a particularly bad time. Over the past five years, small businesses have been hit hard by rising costs across the board—property taxes, business insurance, vehicle insurance, and other essential expenses have all surged. Adding another financial and administrative burden now is not just ill-timed; it is economically damaging to the very businesses that sustain Maryland's economy.

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Instead of imposing additional taxes and regulatory burdens, Maryland should be supporting small businesses by fostering an environment that encourages entrepreneurship and economic growth. I urge you and the members of the Senate Budget and Taxation Committee to reject SB 1045 and consider policies that help, rather than hinder, Maryland's small businesses.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Longerbeam', with a long, sweeping horizontal line extending to the right.

Mark B. Longerbeam

President