



Senate Bill 1045

Date: March 12, 2025

Committee: Senate Budget and Taxation Committee

Position: Opposed

Dear Chairman Guzzone and Members of the Committee,

As the President & CEO of the Frederick County Chamber of Commerce, representing 960 member companies, most of which employ fewer than 50 employees, I write to express strong opposition to Senate Bill 1045, which would expand Maryland's sales and use tax to essential business-to-business (B2B) services. This proposal would create a new 2.5% tax on a wide range of services that businesses rely on daily to operate, including accounting, IT support, human resources, payroll services, consulting, and many others.

While we understand Maryland faces budget challenges, implementing a B2B service tax represents a short-term fix that would create significant long-term problems for Maryland's economy and competitiveness.

Small businesses operate on thin margins and lack the resources to absorb new taxes or bring services in-house. Unlike large corporations, small businesses rely heavily on outsourced professional services for accounting, technology support, and other essential functions. This tax would add thousands in new annual costs for businesses already struggling with economic pressures, potentially forcing difficult choices between raising prices, reducing staff, or cutting investments in growth.

This tax would make Maryland an outlier among our neighboring states. Virginia and Delaware do not impose similar taxes on business services, creating an immediate competitive disadvantage for Maryland businesses. Since most of our businesses are currently located within minutes of the Virginia, West Virginia and Pennsylvania state borders, this tax creates a strong incentive to seek service providers across state lines, while also encouraging Maryland-based service businesses to relocate to neighboring states.

Adding a sales tax on services that every small business requires is a deeply flawed policy choice. Adding it in an uncertain economy, with continued revenue write-downs and shifting federal priorities is even worse. Please resist the temptation to generate new revenue by taxing Maryland's employment and economic opportunity creators.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard B. Weldon, Jr.', followed by a long horizontal line.

Richard B. Weldon, Jr.
President/CEO