

## **Written Testimony in Opposition to SB 1045**

Honorable Members of the Senate Budget and Taxation Committee,

I am writing on behalf of my small business, Ace Handyman Services – Annapolis, Eastern Shore and Ocean City, a locally owned and operated handyman service serving homeowners and businesses in Maryland. I strongly oppose SB 1045, which seeks to impose a 2.5% sales tax on business-to-business (B2B) services, including accounting, IT support, consulting, and marketing.

As a small business manager, I rely on these essential services to operate efficiently and remain competitive. Adding a new tax on these critical expenses will increase my costs, making it harder to invest in my business, hire employees, and provide affordable services to my customers. This tax would disproportionately hurt small businesses like mine, which do not have the financial flexibility of larger corporations to absorb additional costs.

### **Job Losses Inevitable**

Every dollar diverted to this new tax is a dollar not invested in workforce growth. Economic models predict significant employment contraction, particularly among small businesses and service providers. The increased financial burden will lead to job cuts, reduced hiring, and a weaker local economy.

### **Consumer Price Surge**

Economic research from Towson University's Regional Economic Studies Institute confirms that these costs will be passed directly to Maryland consumers through higher prices for everyday goods and services. As businesses struggle to manage rising expenses, Maryland families will bear the brunt of the financial impact.

### **Competitive Disadvantage**

Maryland already ranks 46th in the Tax Foundation's State Business Tax Climate Index and is the 3rd most expensive state to do business in, according to CNBC's Top States for Business 2024 survey. None of our neighboring states tax these business services, creating a powerful incentive for businesses to relocate across state lines, further weakening Maryland's economic standing.

Maryland's small businesses are the backbone of our state's economy, and now, more than ever, we need policies that support growth and sustainability—not measures that create additional financial strain. I urge you to reject SB 1045 and consider alternatives that foster, rather than hinder, the success of Maryland's business community.

Thank you for your time and consideration.

Sincerely,

Stacey Maud, General Manager

**Ace Handyman Services – Annapolis, Eastern Shore and Ocean City**

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