

NORBERG, DAVIS, BOURNE & PAINTER, LLP
CERTIFIED PUBLIC ACCOUNTANTS
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To Our Elected Officials in the Maryland General Assembly:

I am writing to oppose the proposed legislation to expand Maryland's sales tax to additional services. As a CPA working with small businesses in Maryland and beyond, I believe this policy would negatively impact my clients, myself, and ultimately all Maryland taxpayers. Over time, it could also harm the state's fiscal health.

Taxing services is problematic for several reasons:

1. **High Compliance Costs** – Small businesses already struggle with sales tax compliance. While POS systems simplify tax collection for tangible goods, service providers face greater complexity and costs.
2. **Interstate Commerce Challenges** – Many affected services cross state lines. Unlike physical goods, Maryland-based service providers would be at a disadvantage, as businesses could avoid the tax by hiring out-of-state firms. This could reduce both service availability and in-state business growth.
3. **Economic Harm & Revenue Loss** – This policy could drive businesses out of Maryland, reduce demand for local services, and ultimately shrink revenue from other tax sources (income, property, and sales taxes), offsetting any expected gains.

Rather than expanding taxable services, I urge the General Assembly to consider less burdensome alternatives. For example, Maryland has one of the lowest sales tax rates in the country. Based on last fiscal year's revenue numbers, a modest 0.25% increase could generate over \$279 million in additional revenue with minimal impact on consumers. A family buying \$10,000 worth of taxable goods during a year would pay just \$25 in additional sales tax.

Maryland has long sought to be a great place for business, but these proposals move us in the wrong direction. I fear they will accelerate business and population decline, harming the state's long-term economic future.

Thank you for your time and consideration.

Sincerely,

Jeremy Stark, CPA
Partner