



Dear Senator Hettleman and Delegate Moon:

I read with alarm the new proposed MD Sales and Use tax on Services (SB 1045/HB 1554) and fear the implementation of this Bill would be a near-fatal blow to our company, who has done business in the State of Maryland for over three decades. As a small, minority-owned business our company provides services (primarily to public sector interests) in IT services and consulting NAICS beginning with 5415 and 5416. We currently employ approximately fifty individuals, and are Baltimore born and based. To compete in this environment, our services are provided and competed at **very** tight margins.

As a provider of professional IT services, it is unclear whether this tax would impact our core service offerings, how it would be implemented or collected, and to what extent the tax would apply. While most of our employees are W2, we do employ some consultants as subcontractors, and we rely on local accounting and legal firms for professional filing assistance and advice. In addition, we often have teaming arrangements with other local businesses to provide specific IT expertise and we engage as subcontractors to larger corporate entities with the same goal. Are we now to be taxed, not only on our revenue topline (which is in and of itself injurious), but also at our operating and overhead cost level as our providers and partners collect an additional 2.5% for their services as well? At my worst reading of this terrible bill, a 2.5% tax on revenues could result in the elimination of our **entire** margin, forcing us to move out of the City and State we have called home for the historical existence of the Company so that we can continue to operate.

We have over a dozen service business and self-employed teaming partners of all sizes who could also be impacted by this tax. This bill needs to be stopped, as it is bad for Maryland, bad for Business, and anti-Maryland growth.

Sincerely,

Adrienne Geis | Interim President

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