



SB1045 – Sales & Use Tax

SB1045 proposes to impose a tax on professional services. This new tax would have a detrimental effect on the cost of construction by imposing the tax on professional services rendered in support of contraction projects.

Many small, sole proprietor survey firms rely on outside legal, accounting, and administrative services, which would be taxed as well. This new tax burden would disproportionately affect these small businesses that don't have these professionals on staff.

Sales tax is not uniform across all States, this would put Maryland firms at a competitive disadvantage when competing for projects with firms from other States. This may drive firms to leave Maryland.

A sales tax is expensive for both the government and private sector to administer. On many projects, design firms hire outside subconsultants that provide specialty services, such as geotechnical engineering, traffic control teams, and subsurface utility locators. If a surveying firm were working for MDOT, or other State or County agencies, and utilized subconsultants, those subconsultants would be taxing the private firm, but the firm could not charge the tax to the government agency that hired them. This would make tracking the taxes overly complicated and would impede job growth among small businesses.

Finally, a tax on professional services is very unpopular, as only four states currently impose a sales tax on professional services. Florida imposed a sales tax several years ago and had to repeal it less than a year later, embarrassing the Governor and State Legislature.

Senate Bill 1045 will impose a new tax on professional services. History shows that this type of tax is very unpopular. This tax will increase the cost of doing business in Maryland, and therefore increase the cost of construction, at a time when Maryland is in an affordable housing crisis. The Maryland Society of Surveyors asks this committee to make an **unfavorable recommendation** for SB1045.

Respectfully,

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Chairman, Government Affairs Committee
Maryland Society of Surveyors