



OCEAN CITY, MARYLAND

HOTEL • MOTEL • RESTAURANT • ASSOCIATION

March 10, 2025

Committee: Senate Budget and Taxation Committee - **Senate Bill 1045**

Position: Opposed

Dear Chairman Guzzone and Members of the Committee,

On behalf of our 450 hospitality members, I am writing to strongly oppose Senate Bill 1045, which seeks to expand Maryland's sales and use tax to essential business-to-business (B2B) services. This proposal would impose a new 2.5% tax on a wide range of critical services that businesses depend on daily, including accounting, IT support, consulting, and more.

While we recognize Maryland's budget challenges, implementing a B2B service tax is a short-term solution that would create long-term economic and competitive disadvantages for the state. Small businesses depend on outsourced professional services for essential functions like accounting and technology support. This tax would impose thousands in additional annual costs on businesses already facing economic pressures, potentially forcing them to raise prices, reduce staff, or scale back growth investments.

Small businesses rely on outsourced professional services for critical functions like accounting and technology support. This tax would add thousands in new annual costs, putting additional strain on businesses already facing economic challenges and potentially forcing them to raise prices, cut jobs, or limit growth investments.

Once implemented, this tax structure could easily expand to additional service categories or see rate increases. While the current proposal targets specific services at 2.5%, future budget shortfalls could lead to higher rates or an extension of the tax to essential services such as legal, real estate, or healthcare.

While we support efforts to strengthen Maryland's fiscal stability, the best way to address budget challenges is by promoting policies that drive business growth and economic expansion. A thriving business community naturally boosts tax revenue through job creation and increased economic activity.

I urge you and the members of the General Assembly to carefully consider the impact of this legislation, oppose SB 1045, and champion policies that foster a strong and thriving business environment in our state.

Sincerely,

Susan L. Jones

Susan L. Jones, Executive Director

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