

Testimony to **OPPOSE** HB1554/SB1045

Members of the Budget and Tax Committee,

My name is Tamara Basso Bensky and I am a Certified Public Accountant. I am an owner of a CPA firm with an office in Maryland, along with 19 other offices across the country. I am writing to urge you to **oppose** HB1554/SB1045 Sales Tax on Business Services.

Taxing services is detrimental to business operations. Many service providers operate on tight margins, and the additional burden of sales tax can lead to increased costs for consumers, thereby reducing demand. For example, professional services such as legal, accounting, and consulting are essential to businesses of all sizes. Taxing these services would not only increase costs for local businesses but also deter new businesses from seeking these vital services. This could stunt economic growth and innovation within our state.

Secondly, the administrative complexity of tracking and remitting sales tax on services for entities operating in multiple states cannot be overstated. Each state has its own tax rules and compliance requirements, and adding services to the mix would create a tangled web of regulations for businesses to navigate. This complexity can lead to increased compliance costs, a higher likelihood of errors, and potential penalties for businesses. It's already challenging for companies to keep up with varying sales tax rates and rules for tangible goods; adding services to this requirement would exacerbate the situation and place an undue burden on Maryland businesses that operate interstate. Small Businesses will bear the greatest burden and will be at an even greater disadvantage compared to larger corporations,

Finally, imposing a sales tax on services would put Maryland at a significant competitive disadvantage. Neighboring states that do not tax services would become more attractive to businesses and skilled professionals. This could result in a loss of jobs and businesses relocating to states with more favorable tax environments. Maryland's economy could suffer from reduced investment and slower growth compared to its competitors.

In conclusion, implementing a sales tax on services is bad for business, difficult to manage, and detrimental to Maryland's competitive standing. I strongly urge you to consider these points and **oppose** HB 1554/SB 1045.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read 'TBensky', written in dark ink.

Tamara Basso Bensky, CPA
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