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COMMITTEE: BUDGET AND TAXATION

TESTIMONY ON: SENATE BILL 1045: SALES AND USE TAX - TAXABLE BUSINESS SERVICES - ALTERATIONS

POSITION: OPPOSE

HEARING DATE: WEDNESDAY, MARCH 12TH AT 3:00 P.M.

WASHINGTON GAS RESPECTFULLY SUBMITS THIS STATEMENT IN **OPPOSITION** to SENATE BILL 1045 (SB 1045)

Overview

Washington Gas strongly opposes Maryland Senate Bill 1045, which proposes an expansion of the state's sales and use tax to additional business-to-business (B2B) purchases, including critical operational expenses for our utility infrastructure. The passage of this bill would result in an estimated \$4.7 million in new sales tax liabilities on our B2B purchases based on our 2024 calendar year activity. This additional financial burden threatens to increase costs which will ultimately impact Maryland consumers.

Position

Washington Gas remains committed to providing affordable and reliable energy service to Maryland customers, however, the economic reality is that increased tax liabilities may have downstream effects on consumers. The increased costs imposed by SB 1045, which we have estimated as an additional \$4.7 million in sales tax costs, could:

- Directly increase the cost of providing natural gas service, leading to higher monthly bills for Maryland households and businesses;
- Place an added financial burden on working families, seniors, and low-income residents who are already struggling with rising costs of living;
- Create additional financial pressure on small businesses that rely on stable and predictable energy costs.
- Undermine efforts to keep energy costs affordable at a time when Maryland policymakers are focused on mitigating financial burdens on consumers.

Conclusion

For these reasons, Washington Gas urges the Maryland General Assembly to reject SB 1045. The proposed sales tax expansion would have unintended consequences that ultimately affect Maryland consumers and businesses. We encourage lawmakers to consider alternative approaches to generating state revenue that do not impose additional burdens on essential utility services or threaten to hinder Maryland's broader economic competitiveness by increasing the cost of doing business in the state.

We welcome the opportunity to discuss these concerns further and work with policymakers on solutions that support both fiscal responsibility and economic stability for Maryland residents and businesses.

About Washington Gas Light

Washington Gas Light Company provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. Washington Gas has been providing energy to residential, commercial, government, and industrial customers for more than 176 years, and currently serves more than 500,000 Maryland customers in Montgomery, Prince George's, Charles, St. Mary's, Frederick, and Calvert Counties. The Company employs over 400 people within Maryland, including contractors, plumbers, union workers, and other skilled tradespeople. We strive to improve the quality of life in our communities by maintaining a diverse workforce, working with suppliers that represent and reflect the communities we serve, and giving back through our charitable contributions and employee volunteer activities. The Company, together with other natural gas distribution utilities, are responsible for delivering the primary source of heat to Maryland residential energy consumers, serving approximately one half of all Maryland households while providing critical energy services to residential, commercial, and industrial customers at one-third the cost of electricity on a per unit basis.¹

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¹ DOE. [Energy Conservation Program for Consumer Products: Representative Average Unit Costs of Energy](#) (Aug. 28, 2023).