



Greater Severna Park and Arnold **Chamber of Commerce**

1 Holly Avenue, Severna Park, Maryland 21146 410-647-3900 info@gspacc.com

Senate Bill 1045
March 10, 2025 Committee
Senate Budget and Taxation Committee
Position: Opposed

Dear Chair Guzzone and Members of the Committee,

My name is Liz League, and I am the CEO of the Greater Severna Park and Arnold Chamber of Commerce. I have been the CEO for eight years and have grown to know a vast number of small business owners, celebrating their successes and helping them through difficulties.

Many are still recovering from the devastating loss of revenue from the pandemic, and many did not survive, resulting in a loss of jobs, taxable revenue, and economic security in our communities.

On behalf of my members, which number over six hundred strong, I can say confidently that they strongly oppose SB 1045, which will expand Maryland's sales and use tax to essential business-to-business (B2B) services, creating a 2.5% tax on services that they rely on regularly.

Small business. already operate on thin margins and lack the resources to absorb new taxes or bring services in-house. Unlike large corporations, small businesses rely heavily on outsourced professional services for accounting, technology support, and other essential functions.

This tax would add thousands in new annual costs for businesses already struggling with economic pressures, potentially forcing difficult choices between raising prices, reducing staff, cutting investments in growth, or closing down all together, a sentiment that I have heard from a few of our members!

Maryland is already stagnant in growth and is ranked 45th in overall business tax climate according to the Tax Foundation's State Business Tax Climate Index. These continuous taxes will drive the businesses out of the state to seek alternatives. For my members located near state borders, this tax creates a strong incentive to seek service providers across state lines, while also encouraging Maryland-based service businesses to relocate to neighboring states.



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In addition, this tax would make Maryland an outlier among our neighboring states. Virginia and Delaware do not impose similar taxes on business services, creating an immediate competitive disadvantage for Maryland businesses.

Beyond the direct tax cost, this legislation would create significant administrative burdens for businesses that must track, collect, and remit this new tax. For many small businesses, this means additional accounting costs and time spent on compliance rather than growing their business.

We also anticipate that this tax is just the beginning and will be applied to other essential business services like legal services, real estate services, or healthcare. My members and I testified against the bill last year that would tax B2B and B2C services, and we know that the "seeds are planted" for the tax base to be expanded.

We regularly hear the Governor and legislators proclaim how valuable our small businesses are to the state, yet Maryland is one of the top states in business unfriendliness with high taxes, fees and operational requirements that drive businesses out and prohibit others from opening. The fact that this legislation dropped two-thirds of the way through the session with no warning shows a profound adversarial stance to our small businesses, and they are well aware. In the words of one of my accounting firm members, "I am already taxed to death by MD, and I will fight this tooth and nail."

Why not solve the budget crisis by lifting restrictions and tax burdens on our small businesses, creating an environment for them to thrive. Lowering the tax burden on small businesses encourages reinvestment into the economy, stimulating job creation, innovation, and overall economic stability.

I urge you to and the members of the General Assembly to carefully evaluate the implications of this legislation, reject SB 1045, and advocate for policies that support a thriving business environment in our state.

Sincerely,

Liz League, CEO

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