

House Bill 1554

Date: March 9, 2025

Committee: House Ways and Means Committee

Position: Opposed

Dear Chair Guzzone and Members of the Committee,

As a local small business, I write to express **strong opposition** to Senate Bill 1045, which would expand Maryland's sales and use tax to essential business-to-business (B2B) services. This proposal would create a new 2.5% tax on a wide range of services that businesses rely on daily to operate, including accounting, IT support, consulting, and many others.

While I understand Maryland faces budget challenges, implementing a B2B service tax represents a short-term fix that would create significant long-term problems for Maryland's economy and competitiveness. Others will write to you explaining how there are several specific reasons why this legislation would harm Maryland businesses. I will write to you expressing how it will impact me and my family of four (including two infants) and have a ripple effect on my community. For context: I am a small business of one. I own and operate an LLC and serve clients across the country.

- I don't have an IT department and an accounting department; I am those things. When I need support from external resources, I am already paying an absorbent fee to ensure I am doing so in compliance with other regulations. Every single dollar spent on those services are dollars removed from my family.
- Furthermore, that's another administrative burden on my small business. It's an additional accounting fee. To avoid the fee, I may opt to attempt to operate that myself, but this still takes money out of my small business as it's hours I could not spend on billable work.
- I anticipate that this tax will just pyramid into other factors, increasing those costs far beyond the 2.5%.
- This tax would put me at a **significant** disadvantage in the region. I am hired by other companies to provide an end service. If I have to implement a 2.5% tax, why would a company hire me over someone in Pennsylvania or Virginia? That 2.5% would be a significant difference that they could easily keep in their pockets by hiring someone by a neighboring state. This would directly draw potential contracts from Maryland for my business.
- It is easy to image a situation in which 2.5% increases and dominos into further rate increases across industries. At a time where every dollar is critical, this is truly a terrifying thought.

You may believe that 2.5% is a minimal cost. But that's a cost my family of 4 cannot afford right now. The cost of merely surviving is so astronomically expensive. Please do not create another barrier to me providing for my family.

I urge you to and the members of the General Assembly to carefully evaluate the implications of this legislation, reject HB 1554, and advocate for policies that support a thriving business environment in our state.

Sincerely,

Brina R. Furman

Owner and Executive Producer

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