

Testimony in Opposition to HB1554

Lexy Kessler, Partner, Aprio
House Ways & Means Committee
March 12, 2025

Chair Atterbeary and Members of the Committee,

My name is Lexy Kessler, and I am a Partner at Aprio, a Top 25 firm that provides accounting and advisory services to businesses throughout Maryland as well as across the United States. I am writing in strong opposition to HB1554, which proposes a 2.5% sales tax on business-to-business (B2B) professional services, including accounting and financial consulting. This legislation will have severe economic consequences, ultimately driving businesses away from Maryland.

Maryland already struggles with high tax rates that push businesses and individuals to seek alternatives in neighboring states. I have personally witnessed clients relocate their operations due to taxes and am very concerned they will shift service engagements to firms in Virginia, where tax policies are more favorable. If HB1554 is enacted, this trend will only accelerate, harming Maryland-based firms like Aprio and reducing overall state tax revenues. Aprio is located in Rockville and clients can easily shift to a large selection accounting firms located in northern Virginia.

Additionally, taxing business inputs violates sound tax policy by creating tax pyramiding—where costs stack up at multiple stages of production. This will lead to higher prices for consumers, decreased competitiveness for Maryland businesses, and an uneven playing field where large corporations with in-house financial teams can avoid the tax, while small businesses bear the burden.

Other states have attempted similar service taxes, only to repeal them due to economic harm and administrative complications. Maryland should learn from their mistakes instead of repeating them.

For these reasons, I urge an UNFAVORABLE report on HB1554. Thank you for your time and consideration.

Lexy Kessler
Partner, Aprio