



DCM BioServices

43 East South Street, Unit 2A, Frederick, MD 21701

March 10, 2025

The Honorable Vanessa Atterbeary, Chair
House Ways & Means Committee
131 Taylor House Office Building
Annapolis, MD 21401

Subject: HB1554, Sales and Use Tax - Taxable Business Services - Alterations

Dear Chairwoman Atterbeary & Committee Members,

My purpose in writing is to share my strongest possible opposition to House Bill 1554, Sales and Use Tax - Taxable Business Services - Alterations.

The proposed new 2.5% sales tax on Business-to-Business (B2B) services will severely harm small businesses in Maryland and the families that depend on them for good jobs. The broadening of services included in this proposed bill would result in a historic increase in the Maryland Sales and Use tax. As a father of two school-aged children the need and goals within the Maryland Blueprint for Education and other state services are important to me personally. All that said, this change to fund that mandate couldn't possibly come at a worse time for small businesses.

Our economy is still facing serious challenges and uncertainty due to lingering effects of inflation and ongoing changes at the federal level with our new presidential administrations tariffs and other policies. Our employee costs have risen dramatically due to compensation and benefits necessary to attract and retain high quality talent. Our cost-of-goods has grown significantly along with travel and most other costs rising consistently.

As a growing independent service provider for laboratory instrument services in Maryland and nationwide we compete for skilled staff in an already challenging employment environment. The unintended consequences - costs to implement, communicate to clients, and justify in a competitive environment are immense. A 2.5% sales tax passed onto our clients means not being able to adjust actual service pricing that continues to support real and meaningful staff wages and benefits.

Another major concern is that many businesses located in Frederick County are impacted by our proximity to nearby states, who's economies are not burdened by similar additional sales taxes on business services should HB1554 become law.

Please **reject** this economy-stifling and job-threatening initiative by issuing an **unfavorable** committee report on HB1554.

Sincerely,

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