

# Testimony in Opposition to HB 1554/SB 1045

Chairman and Members of the Committee:

My name is Nick Damoulakis, CEO of a software company in Frederick, Maryland. My wife and I founded our business 25 years ago, specifically choosing Maryland because as young entrepreneurs with just pocket change and a dream, we couldn't afford DC or Northern Virginia.

After a quarter century of building our company, we face a serious threat. HB 1554's proposed 2.5% tax on business-to-business services would devastate small businesses like mine for several critical reasons:

1. **Financial Viability:** Our company operates on extremely thin profit margins. This additional tax burden would eliminate our ability to remain profitable while maintaining competitive pricing.
2. **Competitive Disadvantage:** Maryland already ranks as the 4th worst business tax climate in the nation, while Virginia (28th), Pennsylvania (34th), and Delaware (18th) are all substantially more competitive. This bill would further widen that gap, making it impossible for us to compete with similar businesses just across state lines.
3. **Essential Business Functions, Not Luxuries:** The services targeted—accounting, IT, consulting, payroll, marketing and more—are not luxuries but critical functions required to operate a business. Taxing them means we pay more just to keep our doors open.
4. **Community Impact:** Our company has contributed hundreds of thousands of dollars to Maryland communities and helped found TechFrederick, which has been instrumental in building Maryland's technology ecosystem. This positive community impact will be lost if we're forced to relocate.
5. **Job and Economic Losses:** This tax will ultimately lead to fewer jobs, lower wages, and higher costs that will be passed on to Maryland families and consumers.

I have deep personal and professional ties to Maryland. This is where we chose to build our business, raise our families, and invest in our community. I genuinely love this state, but HB 1554/SB 1045 makes continuing to do business here financially untenable.

Why give businesses like ours another compelling reason to relocate? This tax is shortsighted policy with harmful long-term consequences for Maryland's economy and communities.

I urge you to stand with Maryland small businesses and vote NO on HB 1554/SB 1045.

Thank you.

**Nick Damoulakis, CEO**

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