

**House Bill 1554****Date:** March 10, 2025**Committee:** House Ways and Means Committee**Position:** Opposed

Dear Chairwoman Atterbeary and Members of the Committee,

As the owner of Chick & Ruth's Delly in Annapolis, I oppose HB 1554, 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 my business relies on to operate, including accounting, IT support and consulting.

I understand Maryland faces difficult budget challenges, but implementing a B2B service tax represents a short-term fix that would create significant long-term problems for Maryland's economy and competitiveness. We can't keep trying to squeeze more taxes out of small businesses. That's been the MO for the state for years now and it's left us near the bottom in long term economic growth. If we're taxing so much we can't grow the budget picture will just keep getting worse, and there's no amount of tax hikes that can save us then.

**Competitive Disadvantage in the Region**

As it is, Maryland is already more expensive to operate in than other states. This tax would make it even worse. Virginia and Delaware do not impose similar taxes on business services, creating an immediate competitive disadvantage for Maryland businesses. For businesses 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. The company we use for consulting, IT, and social media already has a strong presence in South Carolina, wouldn't it be easy for them to pack up most of their operations and go there for a more favorable tax climate?

**Disproportionate Impact on Small Businesses**

Small businesses operate on thin margins and lack the resources to absorb new taxes or bring services in-house. I'm not a big corporation, I can't afford to have an in-house accountant, tech support, or social media manager. This tax would add thousands of dollars in annual taxes to my restaurant, at the same time that we deal with rising food prices, labor costs, and energy bills. I love what I do, I love serving our guests, but all these tax increases makes it harder and harder to do what we do.

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,

Spencer Jones  
President  
Chick & Ruth's Delly

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