



## Ocean City, Maryland Chamber of Commerce

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### TESTIMONY OFFERED ON BEHALF OF THE GREATER OCEAN CITY MARYLAND CHAMBER OF COMMERCE

#### IN OPPOSITION TO:

#### **HB1554 – Sales and Use Tax - Taxable Business Services - Alterations**

#### Before:

#### **House Ways and Means Committee**

**Hearing: 3/12/2025 at 1:00 PM**

The Greater Ocean City Chamber of Commerce, representing more than 700 regional businesses and job creators, respectfully **OPPOSES House Bill HB1554 – Sales and Use Tax - Taxable Business Services - Alterations**. This legislation proposes "altering the definitions of 'taxable price' and 'taxable service' for the purposes of certain provisions of law governing the sales and use tax to impose the 2.5% tax on certain laborers and services if both the provider of the service and the buyer are business entities."

The business-to-business tax will focus primarily on taxing professional services such as those provided by certified public accountants, lobbyists and consultants. The tax also applies to other services commonly used by businesses such as packaging and labeling, internet technology, design, advertising and public relations, security, and equipment repair. This tax, as reported, will generate \$1 billion for the State.

Maryland is already struggling with rising costs – to add a new 2.5% tax on business-to-business services will only further **drive costs up for businesses and inevitably will be passed along to consumers**. If the State legislature is serious in making Maryland more competitive for business, this legislation is not aligned with that goal and will result in Maryland businesses relocating to our neighboring states of Delaware and Virginia, which particularly impacts small businesses in Ocean City.

Should the legislature move forward with this proposed tax hike, the real victims won't be big corporations — they'll be small businesses. Small businesses already operate on razor-thin margins, this tax puts small businesses at risk. They rely on professional services — accounting, tax preparation, legal, and consulting — to stay compliant, manage payroll, and make informed financial decisions. To impose a sales tax on those very services, the legislation will make it more expensive for small businesses to do business.

Here at the Greater Ocean City Chamber of Commerce, we've done the math: if passed, this piece of legislation would increase our expenses by \$8,000, none of which would be money invested in supporting our local business community, which is our mission.

The Greater Ocean City Chamber respectfully requests an **UNFAVORABLE REPORT for HB1554**. Please feel free to contact the Chamber directly on 410-213-0144 should you have any questions.

Respectfully submitted,

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