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March 10, 2025

The Honorable Venessa E. Atterbeary
Chair, House Ways and Means Committee
130 Taylor Office Building
Annapolis, Maryland 21401

RE: House Bill 1554 - Sales and Use Tax - Taxable Business Services – Alterations - UNFAVORABLE

Dear Chair Atterbeary and Members of the Committee,

I am writing in my capacity as the Legislative Chairman of the Building Owners and Managers Association of Greater Baltimore (BOMA) to respectfully request an unfavorable report on House Bill 1554.

BOMA, through its nearly 300 members, represents owners and managers of all types of commercial property, comprising 143 million square feet of office space in Baltimore and Central Maryland. Our members' facilities support over 19,000 jobs and contribute \$2.5 billion to the Maryland economy each year.

A principal concern of BOMA is a lack of definitional certainty in this legislation. Notwithstanding the reference to the North American Industrial Classification System (NAICS), there is substantial room for interpretation of the classifications that would be subject to taxation under the bill, e.g.; the category of "data or information technology service," while described on page 5, in line 3 of the bill, can be broadly interpreted. Similarly, a "consulting service" cited on page 5, line 7 of the bill, is equally broad. Delegating the taxation of services under these and other categories to the Comptroller is essentially ceding legislative authority for a decision on taxation that should properly be made by the legislature.

Another issue that we want to raise is with respect to potential layoffs to cover these costs. By way of example, when services for janitorial services began to be taxed, and in conjunction with an increase in the union contracts, certain BOMA members took a hard look at the scope of services under the existing janitorial contracts and had to reduce the service levels. As a result, there was a forced reduction in certain contracts. Furthermore, we note that the State is already taxing the net revenue from these services as State income tax.

Finally, delegating the taxation of services under these and other categories to the Comptroller is essentially ceding legislative authority for a decision on taxation that should properly be made by the legislature.

For these reasons we respectfully request an unfavorable report on House Bill 1554.

Very truly yours,

A handwritten signature in black ink, appearing to read "Tom O'Donald", written in a cursive style.

Tom O'Donald

cc: Bryson Popham