



Rural Rhythm Consulting, LLC

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Offering customized administrative and communication solutions to the agricultural and green industries.

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

Committee: Ways and Means

March 10, 2025

Position: OPPOSE

Chair Atterbeary and Members of the Committee:

I am expressing my strong opposition to HB1554 as a Maryland-based woman-owned small business. As a sole proprietor LLC, the administrative burden this legislation would create would significantly harm my business. Currently, I operate without employees due to the time and costs associated with tax reporting, choosing instead to work with independent contractors for greater efficiency. However, this legislation would impose the same administrative challenges, stifling the growth of my business.

Moreover, HB1554 would place my business at a competitive disadvantage, as out-of-state competitors are not subject to these additional costs. I live just 2.5 miles from the Delaware state line and have several clients in Delaware, which benefits Maryland through income tax. Unfortunately, these clients are likely to seek services elsewhere to avoid the additional service tax, which will create a financial strain on my business and ultimately reduce revenue for Maryland.

I am also concerned about the negative impact on my clients, many of whom are 501(c) organizations incorporated in Maryland. With no exemption for non-profits in the bill's current language, these organizations would be subject to the same taxes as for-profit businesses, diverting funds from their missions to provide public good and community services.

In summary, HB1554 would impose costly administrative burdens, hinder my business's growth, put me at a competitive disadvantage, and increase the operational costs of my clients, particularly non-profits. For these reasons, I respectfully request an unfavorable report on this legislation.

Submitted,

Danielle Bauer Farace, Owner
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