

Testimony in Opposition to HB 1554

Submitted by Aida Keehner, Founder & CEO of Atruent

March 12, 2025

Introduction

My name is Aida Keehner, founder and CEO of Atruent, a woman-owned IT services company based in Millersville, Maryland. Since 2009, we have provided enterprise-level technology solutions to small and mid-sized businesses, prioritizing trust, reliability, and personalized service. Today, I urge you to reject HB 1554, a 2.5% sales tax on business-to-business (B2B) services that will harm Maryland's small businesses, stifle innovation, and weaken our economy.

Atruent's Story and Economic Challenges

As a French immigrant who built this company from the ground up, I take pride in contributing to Maryland's tech ecosystem. However, rising costs—from hardware tariffs to delayed client projects—have already strained our operations. Clients are halting non-essential IT investments, and this tax would force us to either absorb new costs or pass them onto businesses already struggling to stay afloat.

Impact of HB 1554 on Small Businesses

- **Double Taxation Burden:** Atruent relies on external accounting, legal, and consulting services to comply with regulations. This tax penalizes small businesses like ours that lack in-house teams, while large corporations avoid it.
- **Consumer Cost Surge:** A 2.5% tax on IT services would force us to raise prices for clients. These costs will cascade to Maryland consumers.
- **Competitive Disadvantage:** Adding this tax risks pushing businesses to neighboring states like Virginia or Delaware, where B2B services remain untaxed.

Broader Economic Consequences

- **Job Losses:** The Maryland Chamber of Commerce warns this tax could lead to layoffs as businesses cut costs. For Atruent, it may mean reducing our 20-person team or freezing hiring.
- **Irony of Compliance:** Taxing services required for legal compliance—like financial audits—effectively penalizes businesses for following the law.

A Plea to Legislators

HB 1554 mirrors Maryland's failed 2007 "Tech Tax," which was repealed after bipartisan backlash. This proposal repeats past mistakes by targeting the backbone of our economy: small businesses.

I urge you to:

1. Vote against HB 1554.
2. Explore sustainable budget solutions that support growth, not punish compliance.
3. Protect Maryland's reputation as a place where small businesses thrive.

Conclusion

Atruent's story reflects the resilience of Maryland's small business community. We ask for policies that empower innovation, not taxes that undermine it. Please stand with us in opposing this harmful legislation.

Respectfully,

Aida Keehner
CEO, Atruent
Millersville, MD