

March 10, 2025

Senator John F. Mautz, IV and Senator Stephen S. Hershey, Jr.

Delegate Christopher T. Adams, Delegate Thomas S. Hutchinson and

Delegate Steven J. Arentz, Delegate Jefferson L. Ghrist, Delegate Jay A. Jacobs

Dear Officials:

I oppose House Bill 1554 / Senate Bill 1045 “Sales and Use Tax -Taxable Business Services - Alterations”.

This proposed business-to-business tax will burden small businesses, who already run on slim margins. Small businesses do not have in-house accounting and finance staff; they rely on CPAs and other professional service providers to stay compliant, manage payroll and make financial decisions.

The proposed tax will increase costs for small businesses, and when they can no longer absorb added costs, they will pass on higher prices to their customers. Small businesses will be discouraged to grow under this tax because every service they need to grow – tax prep, accounting, business consulting – will cost more than in Virginia, Delaware, or Pennsylvania.

Accounting and consulting services can be sourced from anywhere in today’s technology. Businesses will seek providers in states without a services tax and Maryland will lose revenue, jobs, and businesses as a result.

This proposed tax is a direct hit on small businesses that Maryland should be supporting. The Eastern Shore that you represent is reliant on small businesses.

Respectfully,

*Jennifer A. Jefferson*

Jennifer A. Jefferson, CPA

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CFO at S.E.W. Friel and Friel Lumber Company, District 36