

HB 1554 - Sales and Use Tax - Taxable Business Services - Alterations
House Ways & Means Committee
March 12, 2025
Legislative Position: UNFAVORABLE

Dear Chair Atterbeary and Members of the Committee,

My name is Jeffery Kordela. I am a CPA and small business owner in Forest Hill, Harford County, MD. I am **strongly opposed** to HB 1554, which would impose sales tax on a wide range of business-to-business (B2B) services, including bookkeeping and accounting services.

I own a small bookkeeping and accounting services business. My clients are small businesses that depend on our professional services to keep track of their finances and stay compliant with tax laws.

It seems that the Committee Members should consider the following reasons for my opposition:

- **Do you want to hurt small businesses and startups?** Adding a sales tax burden makes it harder for small businesses to compete and grow. This sales tax will disproportionately impact small businesses that rely on outsourced services such as mine because they can't afford to hire full-time employees to do these essential tasks.
- **Do you want to increase the costs of doing business in Maryland?** Taxing essential services like bookkeeping and accounting compliance creates a **pyramid effect**, where businesses pay tax on services used to run their operations, ultimately driving up prices for consumers. Otherwise, the business will lose money and, thereby, pay less income taxes.
- **Do you want to weaken Maryland's business competitiveness?** Other states that have considered taxing professional services have faced strong backlash or repealed such measures due to their negative economic impact. This bill would put Maryland at a disadvantage compared to neighboring states.

I respectfully urge an **UNFAVORABLE** report on HB 1554. Maryland businesses should not be penalized for seeking professional expertise to remain compliant and financially healthy.

Thank you for your time and consideration.

Respectfully submitted,
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