



Senate Bill 1045

Date: March 10th, 2025

Committee: Senate Budget and Taxation Committee

Position: Opposed

Dear Chair Guzzone and Members of the Committee,

As a small business owner in Baltimore and community leader, I am deeply concerned with the introduction of the B2B Business Tax proposal (HB 1554/SB 1045). My concerns are as follows:

Small Business Impact- Essential Operations

Businesses like mine and countless other small businesses throughout your district use accounting, payroll services, marketing services, and HR (among many of the other impacted services). I'm proud to support other Maryland small businesses with my accounting & HR, cleaning, consulting and payroll services. Running the numbers today would cost my business nearly \$10,000 each year. That's less money to invest in other parts of our business, hire more employees, or do our annual cost of living adjustments for our current employees. Additionally, that would surely make me consider hiring companies out of Virginia or Delaware instead, creating a ripple effect for other businesses.

Small Business Impact- Competitiveness

For our own business, and like many other businesses in Maryland, we work not only in Maryland but also in Delaware and Virginia—both of which do not have sales tax on services. We constantly compete with out-of-state firms for work that is covered by the B2B sales tax, **with price often being a deciding factor to win a contract**. Last year our revenues from Delaware and Virginia represented 1/3 of our total revenues that would be covered under this B2B. With recompetes every year, we would surely lose many of the projects to Virginia and Delaware firms.

Community Impact- Nonprofits & Community Groups

This remains a big question mark for me. Our community association (FPRA that I have served on the board for over 8 years) uses an accountant, the Fells Point Fun Festival (one of the last largest free community festivals left in the city), of which I have been a part for many years, has an accountant, pays for marketing, uses a staffing agency to provide security, and tend bars. Are we now expecting these amazing community organizations and community groups to pay an extra 2.5% when state funding is already drying up? Is there an exemption?

Community Impact- Small Business Districts

Living in District 46, I have seen first hand how many of our restaurants and other local businesses are struggling with inflation, high rents, and recently insane BGE bills. We shouldn't be adding more pressure to our already struggling small business districts whose businesses rely on business essential services such as accounting, cleaning,

I understand that we have severe budget constraints and need a "menu of options," as the bill sponsor has said. But this menu option is something that Maryland small businesses and, I believe, most constituents cannot or will not stomach.

Best Regards,

Jonathon Rowland

Managing Partner

Fells Group

1632 Aliceanna St Baltimore MD 21231