

My name is Richard Wolf, CPA/ABV, CFE, CVA. I am a partner at the Maryland accounting firm of Gross Mendelsohn & Associates, PA. I am writing to oppose HB 1554 / SB 1045, "Sales and Use Tax - Taxable Business Services - Alterations". This bill, which would impose a sales tax on services provided by one business to another, would have a significant impact on not only my accounting firm, but also on the hundreds of small businesses that we represent across the state.

Small businesses, like the majority of our clients, will bear the biggest burden if this bill is passed. The bill will impact small businesses as follows:

- **Small businesses rely on CPAs to stay compliant.** Large corporations have in-house finance teams, meaning they won't feel the sting of this tax. But small businesses? They'll pay more for every tax return prepared and every financial consultation.
- **Higher compliance costs mean higher prices for consumers.** Small businesses can't absorb these costs indefinitely. They'll either pass them on to customers and drive up prices, or they'll reduce their reliance on these critical services, exposing them to financial and regulatory risks.
- **This tax discourages small business growth.** Why would a Maryland entrepreneur expand when they know that every service they need to grow — tax prep, accounting, business consulting — will cost more here than in Virginia, Delaware, or Pennsylvania?

Simply put: A tax on professional services isn't just bad policy; it's a direct hit on the very businesses Maryland should be supporting.

With today's technology, businesses can get accounting and consulting services from anywhere. If Maryland makes those services more expensive, businesses will simply hire professionals in states without a services tax.

The result?

- Maryland loses revenue.
- Maryland loses jobs.
- Maryland loses businesses.

In short, this bill is bad for all Maryland businesses. It is bad for my accounting firm, a firm that employs approximately 100 Marylanders, and bad for the hundreds of Maryland businesses that we represent.