

March 10, 2025

Members
House Ways and Means Committee

Re: Written Testimony in OPPOSITION to HB 1554

Dear Members:

I have been a Maryland practicing CPA since 1980 as a partner in a large local firm and later starting my own public accounting firm with five, now downsized to two employees. In short, I have a lot of experience with small and medium-sized businesses operating in Maryland.

This proposed tax will create an extremely unfair disadvantage to small businesses (my clients and myself) who already struggle to retain employees, remain competitive, and make a reasonable living to support our families. We are under constant pressure to keep fees low and adding a 2.5% regressive tax to these small businesses will only cause more pressure and incentive to close businesses and/or leave the State of Maryland.

With the advent of so much work done by virtual methods these days and our proximity to Delaware, Virginia, Pennsylvania and DC who have no similar tax, this bill only serves to provide a minor band-aid to the State's budget deficit which will continue to increase as businesses close or leave Maryland for a more favorable tax environment.

The tax would also cause an additional administrative burden to CPA's and other accounting service providers in Maryland by requiring us to appropriately determine to whom the tax is charged, collection and remittance of the tax. We already struggle with intense work pressure to meet tax and other filing deadlines. While larger firms may have administrative personnel in place to enforce the tax, a large majority (such as myself) do not.

In summary, this bill is unfair in so many respects for the citizens and businesses operating in Maryland. Where does it stop, and who lobbies for the services that the tax will be imposed upon?

PLEASE VOTE NO TO HB 1554 – SALES AND USE TAX – BUSINESS SERVICES.

Thank you for your consideration,

Sincerely,
Kathy L. Kahler, CPA

