



TECHNET
THE VOICE OF THE
INNOVATION ECONOMY

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March 10, 2025

The Honorable Vanessa Atterbeary
Chair
House Ways and Means Committee
130 Taylor House Office Building
6 Bladen Street, Annapolis, MD 21401

The Honorable Guy Guzzone
Chair
Senate Budget and Taxation Cmte.
3 West Miller Senate Office Building
11 Bladen Street, Annapolis, MD 21401

RE: HB 1554 (Moon) / SB 1045 (Hettleman) - Sales and Use Tax - Taxable Business Services – Alterations – Unfavorable

Dear Chair Atterbeary, Chair Guzzone, and Members of the Committee,

On behalf of TechNet, I'm writing to share our concerns on HB 1554 and SB 1045.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.5 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance. TechNet has offices in Austin, Boston, Chicago, Denver, Harrisburg, Olympia, Sacramento, Silicon Valley, Tallahassee, and Washington, D.C.

TechNet works to ensure that tax structures create a level-playing field for all product and service providers, both technology players as well as others, and do not disadvantage a specific subsector. We are opposed to HB 1554 and SB 1045 for several reasons.

Generally speaking, business-to-business taxes negatively impact businesses and consumers in the state as they increase the overall costs of doing business. Ultimately, the proposed tax provisions in these bills will put Maryland at a competitive disadvantage compared to other states and have the potential to ultimately raise costs for Maryland consumers. We are especially concerned about the following tax provisions proposed in these bills:

- A data or IT service described under NAICS Sector, 518, 519, 5415.
 - 518 is "Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services"

- 519 is web Search Portals, Libraries, Archives, and Other Information Services
- 5415 is Computer Systems Design and Related Services
- A system software of application software publishing service described under NAICS Sector 5415.
 - 5415 is Computer Systems Design and Related Services

These proposals cause services to be taxed multiple times along the production process and will only drive up costs of doing business in the state. TechNet is vigilant against vague, overbroad, unnecessary, harmful, or hostile laws and regulations that stifle innovation. As such, we are opposed to the provisions in HB 1554 and SB 1045. Thank you for your consideration of our concerns and please let me know if you have any questions.

Sincerely,

Margaret Durkin

Margaret Durkin
TechNet Executive Director, Pennsylvania & the Mid-Atlantic