



## **Subject: Opposition to SB 1045 and HB 1554 – Adverse Impact on Maryland’s Small Businesses**

Dear Maryland Representative,

I am writing to express my strong opposition to SB 1045 and HB 1554, which propose a new sales tax on business-to-business (B2B) services. As the CEO of SEA Healthcare, a Maryland-based Economically Disadvantaged Woman-Owned Small Business (EDWOSB), I am deeply concerned about the detrimental effects these bills will have on small businesses like mine and on the broader landscape of women-owned enterprises across our state.

### **Direct Impact on SEA Healthcare**

SEA Healthcare operates within multiple NAICS sectors targeted by this legislation, including management consulting (NAICS 541611), logistics and process improvement consulting (541614), technical consulting (541618), research and development (541715, 541720), and administrative support services (561110). These proposed taxes will directly increase the cost of providing services to our clients, many of whom are healthcare organizations, government agencies, and nonprofits that rely on cost-effective solutions to improve patient care and public health outcomes.

Taxing these services would force us to absorb additional costs—reducing our ability to reinvest in growth, hiring, and innovation—or pass them on to clients, making our services less competitive. This burden would disproportionately impact small firms like SEA Healthcare that lack the financial flexibility of larger corporations, making it more difficult to compete in both state and federal contracting.

### **Impact on Maryland’s Women-Owned Small Businesses**

Women-owned small businesses represent a significant portion of Maryland’s economic landscape, particularly in service industries such as consulting, research, IT services, and business administration—many of which fall under the NAICS codes targeted by these bills. These businesses already face substantial barriers, including access to capital, federal contracting hurdles, and the challenges of balancing business operations with caregiving responsibilities that disproportionately fall on women entrepreneurs.

Imposing new taxes on essential B2B services exacerbates these challenges by increasing operational costs and reducing profitability. Many women-owned businesses operate as subcontractors within the government contracting space, meaning this tax would not only impact direct service providers but would also trickle down through the supply chain, reducing competitiveness and job creation.

Furthermore, at a time when Maryland prioritized economic equity and business diversity, these bills would set back progress by making it more expensive to do business in the state. Rather



than fostering an environment that supports small, women- and minority-owned businesses, this legislation creates additional financial burdens that could drive businesses to seek more tax-friendly states for their operations.

### **The Unintended Consequences of These Bills**

While I understand the need to generate revenue for critical public services, including education, implementing a broad B2B sales tax is a blunt instrument that will ultimately harm Maryland's economy. The additional cost burdens placed on service-based businesses will:

- Lead to reduced hiring and job losses, particularly among small businesses that lack the ability to absorb new costs.
- Increase the cost of doing business in Maryland, making the state less attractive for entrepreneurs and small business owners.
- Undermine Maryland's commitments to supporting women-owned and minority-owned businesses by placing them at a competitive disadvantage.
- Disrupt industries that rely on consulting, technical services, and research—many of which are key drivers of innovation and economic growth.

### **Conclusion**

I urge you to oppose SB 1045 and HB 1554 and to consider the long-term consequences of placing additional tax burdens on small businesses. Instead of penalizing service-based businesses that contribute to Maryland's economy, I encourage the legislature to explore alternative revenue strategies that do not disproportionately harm small, women-owned enterprises.

Thank you for your time and consideration. I welcome the opportunity to discuss this matter further and share additional insights on how these bills will impact Maryland's business community.

Sincerely,

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