

March 10, 2025

**Subject: Strong Opposition to House Bill 1554 – Business Services Sales Tax**

Dear Maryland Delegates on the Maryland House Ways and Means Committee,

I am writing as a Certified Public Accountant (CPA) in Maryland to express my strong opposition to House Bill 1554, which proposes a 2.5% sales tax on business-to-business services, including accounting, tax preparation, and financial audits. This bill would have far-reaching negative consequences for Maryland businesses, particularly small businesses, and undermine the state's economic competitiveness.

The proposed tax unfairly targets small businesses, which often lack in-house accounting and finance teams and must rely on external professionals. Unlike larger corporations that can avoid this tax by utilizing internal resources, small businesses will be forced to pay more for essential services. This additional cost burden will either reduce their ability to operate efficiently or force them to pass on increased costs to consumers.

Furthermore, HB 1554 would create an administrative and compliance nightmare for businesses and tax professionals alike. Accounting and consulting services are often provided across state lines, making it difficult to determine taxability, increasing compliance costs, and leading to potential confusion and disputes with tax authorities.

Maryland's economy thrives on small businesses and professional services. By imposing a tax on compliance-related services, this bill discourages business growth, increases operating costs, and places Maryland at a competitive disadvantage compared to neighboring states like Virginia and Pennsylvania, which do not tax these services. This will likely drive businesses to seek services out of state, reducing both sales tax revenue and overall economic activity within Maryland. While I understand the need to address the state's budget deficit, imposing a tax on essential business services is not the right solution. This approach risks harming the very businesses that sustain our economy, leading to unintended negative consequences that could outweigh any short-term revenue gains.

Instead of introducing a harmful and counterproductive tax, I urge you to consider policies that support economic growth and small businesses. I strongly encourage you to vote against HB 1554 and protect Maryland businesses from unnecessary financial strain.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alec B. Foote', with a stylized, flowing script.

Alec B. Foote, CPA