

## **TESTIMONY IN OPPOSITION TO THE PROPOSED SALES TAX ON PROFESSIONAL SERVICES**

**Submitted to the House Ways and Means Committee**

**RE: HB 1554**

**March 12, 2025**

**Legislative Position: Unfavorable**

**By Laura Concannon, CPA  
P & G Built Solutions, Inc**

Chair Atterbeary, Vice Chair [Last Name], and Members of the Committee,

My name is Laura Concannon, CPA, and I am the Principal at P & G Built Solutions, Inc a Public Accounting Firm in Baltimore County, Maryland. I appreciate the opportunity to provide testimony today in strong opposition to the proposed tax on professional services.

### **SMALL BUSINESSES WILL BEAR THE BIGGEST BURDEN**

If Maryland lawmakers move forward with this proposal, the real victims won't be big corporations — they'll be small businesses.

Let's be clear: This tax puts small businesses at risk.

Small businesses already operate on razor-thin margins. They rely on professional services — accounting, tax preparation, legal, and consulting — to stay compliant, manage payroll, and make informed financial decisions. Now, legislators want to impose a sales tax on those very services, making it more expensive for small businesses to do business.

For a Fortune 500 company, this tax is just another line item in their budget. But for a small business? It's the difference between hiring another employee or cutting back. Between staying open and shutting down.

- **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.

## **THE BIGGER PICTURE: A CUMULATIVE BURDEN ON SMALL BUSINESSES**

This proposal does not exist in a vacuum. With over 170 proposed bills already under consideration that could impact small businesses, lawmakers must consider the cumulative effect of these changes on Maryland's business community. Now is not the time to introduce yet another financial hurdle.

## **A TAX ON TAX PREPARATION: TAXING COMPLIANCE ITSELF**

The idea of taxing tax preparation services is especially alarming. Imagine telling a Maryland small business owner:

*"Not only do you have to pay taxes, but now you have to pay extra just to figure out how much you owe."*

This proposal places an unfair burden on Maryland's small businesses, making it more costly to operate, grow, and comply with state regulations. I strongly urge you to reject this tax on professional services and stand with Maryland's small business community.

Thank you for your time and consideration. I am happy to answer any questions.

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