



March 12, 2025

Legislative Position: Unfavorable  
House Bill 1554  
Sales and Use Tax - Taxable Business Services - Alterations  
House Ways and Means Committee

Dear Chair Atterbeary and members of the committee:

Founded in 1969, the Howard Chamber of Commerce is dedicated to helping businesses—from sole proprietors to large international firms—grow and succeed. With the power of 700 members that encompass more than 170,000 employees, the Howard County Chamber is an effective partner with elected officials and advocates for the interests of the county’s business community.

The Howard County Chamber of Commerce strongly opposes HB 1554. We are deeply concerned about its negative impact on our local businesses—especially small businesses—as well as the unintended consequences of tax pyramiding and the broader economic harm it would cause.

### **Negative Impacts on Small Businesses**

Small businesses are the backbone of our economy, providing jobs, fostering innovation, and contributing significantly to our communities. HB 1554 would impose an undue financial burden on small businesses by introducing new tax obligations that many simply cannot afford. Unlike larger corporations with dedicated legal and financial teams to navigate increased tax complexities, small businesses operate on much tighter margins and lack the resources to absorb these additional costs. The increased tax liability will force many small businesses to reduce investments.

### **Tax Pyramiding Concerns**

HB 1554 would create a cascading tax effect, commonly known as tax pyramiding. This occurs when a tax is applied at multiple levels of the supply chain, causing costs to compound as goods and services move through production. Ultimately, these increased costs are passed down to consumers, making everyday goods and services more expensive. Maryland businesses already operate in a competitive regional economy, and this additional tax burden would put them at a significant disadvantage, driving up costs and potentially forcing businesses to relocate to more tax-friendly jurisdictions.

### **Economic Consequences**

At a time when Maryland businesses are still recovering from economic disruptions and ongoing inflationary pressures, HB 1554 would deliver a devastating blow to our state’s economy. Increased



operational costs and reduced business investments would lead to slower job growth, wage stagnation, and a decline in Maryland's overall business climate. Rather than fostering economic expansion, this legislation risks discouraging entrepreneurship and investment, making Maryland less attractive to new businesses looking to establish themselves here.

### **Conclusion**

For these reasons, the Howard County Chamber of Commerce strongly urges the Committee to **reject HB 1554**. This bill would have far-reaching negative consequences for small businesses, exacerbate tax pyramiding, and hinder economic progress. We encourage lawmakers to explore alternative policies that support—not hinder—Maryland's businesses and economic competitiveness.

Sincerely,

Kristi Simon  
President & CEO  
Howard County Chamber of Commerce