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Ways and Means Committee
House of Delegates
HB 1554 – Sales and Use Tax – Taxable Business Services – Alterations

Dear Chair Atterbeary, Vice Chair Wilkins, and Members of the Committee.

I am writing to express my strong opposition to HB 1554, which I believe will have devastating consequences for small businesses like mine. As the owner of CMB Consulting, LLC, a proud woman-owned and minority business enterprise (MBE) operating in Information Technology and Consulting fields, I am deeply concerned that this legislation will create unnecessary financial burdens, stifle growth, and threaten the very survival of businesses like mine.

HB 1554 seeks to expand the scope of Maryland's sales and use tax to a wide range of business-to-business services, including accounting, payroll, consulting, IT, marketing, and other professional services. While I understand the intent behind the legislation, its unintended consequences will disproportionately harm small businesses, particularly those owned by women and minorities who already face significant challenges in accessing capital, resources, and fair opportunities in the marketplace.

As stated on the Maryland Chamber of Commerce, Maryland Freedom Caucus, Maryland Matters, and MACPA websites, this bill is a legislative threat where small business will bear the biggest burden. If enacted, this bill will significantly increase the cost of doing business for service-based companies like mine. Unlike large corporations that have the financial and legal resources to absorb these changes, small businesses like mine operate on limited margins. This additional tax burden will force me to either raise prices for my clients—making my business less competitive—or absorb the costs, which could lead to staff reductions, service cutbacks, or, worst of all, closure.

Furthermore, this bill does not take into account the unique struggles that women and minority entrepreneurs face. Minority and women-owned businesses are already in jeopardy due to recent attacks on programs which have sought to dismantle critical support systems for underrepresented business owners. As an MBE, I have worked tirelessly to overcome systemic barriers, and this legislation would only add another

hurdle, making it even harder for female and minority entrepreneurs to compete and thrive in an already difficult economic landscape.

This legislation ultimately penalizes small businesses for utilizing essential services that contribute to their growth and efficiency. At a time when small businesses are still recovering from the economic disruptions of recent years, imposing additional tax burdens is counterproductive and will hinder job creation and economic recovery in Maryland.

I urge this committee to reconsider the far-reaching implications of HB 1554 and to explore alternative solutions that support, rather than hinder, small businesses. If the goal is to increase revenue, I encourage policymakers to work collaboratively with small business owners to find a balanced approach that does not unfairly target the very businesses that drive our local economies and provide essential jobs.

Thank you for your time and consideration. I respectfully request an unfavorable report on HB 1554 and welcome any opportunity to discuss my concerns further.

Sincerely,
Kathleen Haines
CMB Consulting, LLC

Maryland Chamber of Commerce:

<https://www.mdchamber.org/fair-opportunity-maryland/>

<https://www.mdchamber.org/2025/03/05/2025-small-business-services-tax-impacts/#:~:text=Maryland%20lawmakers%20are%20considering%20legislation,that%20businesses%20rely%20on%20daily.>

MACPA:

<https://macpa.org/news/20852669-a-tax-on-small-businesses-disguised-as-a-tax-on-services-2025-03-04>

Maryland Matters:

<https://marylandmatters.org/2025/03/05/services-tax-added-to-menu-of-options-as-state-grapples-with-budget-deficit-looming-federal-cuts/>

MD Freedom Caucus:

https://ujoin.co/campaigns/3539/actions/public?action_id=4998