



**Written Testimony of Kimberly Prescott
President and Founder, Prescott HR
In Opposition to HB 1554
Before the Ways and Means Committee
Maryland General Assembly**

March 10, 2025

Delegate Moon and members of the Committee.

My name is Kimberly Prescott, and I am the President and Founder of Prescott HR, a full-service human resources consulting firm based in Maryland. I started Prescott HR because I saw firsthand the challenges small and mid-sized businesses face in navigating employment laws, compliance requirements, and workplace policies. Our mission is to support businesses by providing them with the expertise they need to grow, thrive, and create jobs in Maryland. We work with companies across industries—typically those with 20 to 100 employees—that do not have a dedicated HR professional. Our services include HR strategy, compliance support, talent management, leadership coaching, and employee relations. These are not luxury services; they are essential for businesses to comply with federal and state laws, pay employees correctly, and build strong, sustainable workplaces.

That is why I am here today to express my strong opposition to HB 1554.

This bill, which seeks to impose a sales tax on professional services—including HR consulting, payroll, accounting, and IT support—would have devastating consequences for the very businesses that drive Maryland’s economy. Small and mid-sized businesses are already struggling with increasing costs: rising wages, employee benefits, inflation, and the cumulative effect of new regulatory mandates. Adding another tax on critical business services will only make it harder for them to stay competitive, retain employees, and grow.

For Prescott HR alone, this tax would mean an additional \$40,000 in costs—costs that will have to be passed on to our clients. But what does that mean in practical terms? It means small businesses, already stretched thin, will have to choose between absorbing these costs, cutting services, reducing staff, or shutting down. These aren’t large corporations with deep pockets; they are local businesses trying to do the right thing for their employees and their communities.

I understand that Maryland faces budget challenges, and I respect the difficult decisions this body must make. But even Governor Moore has said that we cannot tax our way out of these challenges—we must grow. Growth comes from fostering a business-friendly environment, attracting new companies, and ensuring that existing businesses can expand and thrive here.



HB 1554 does the opposite—it creates yet another financial burden that discourages investment, hiring, and long-term economic stability.

If this bill passes, businesses will have three choices:

1. **Pass the tax on to clients, making Maryland businesses less competitive.**
2. **Absorb the costs, reducing hiring and investment in growth.**
3. **Or, in some cases, lose clients due to increased costs and be forced to lay off employees or shut down.**

This is not a theoretical concern. Many professional services firms, including mine, do not need a physical presence in Maryland to operate. If the cost of doing business here becomes too high, companies will relocate, incorporate in another state, or shift operations to a more business-friendly environment. And when businesses leave, they take jobs, revenue, and economic activity with them.

Maryland should be making it easier for businesses to grow, not forcing them to look elsewhere. A strong economy is built on a thriving business community, and businesses cannot thrive under a tax structure that penalizes them for success.

Rather than imposing new taxes on essential services, I urge this body to explore policies that encourage economic growth, incentivize business investment, and support the small and mid-sized businesses that are the backbone of our state's economy. Maryland's future prosperity depends on it.

Thank you for your time and consideration. I respectfully urge an unfavorable report on HB 1554.

Sincerely,



Kimberly Prescott
President and Founder, Prescott HR