

Government Affairs Office 12 West Street Annapolis, MD 21401

BILL NO.: House Bill 1554

<u>TITLE:</u> Sales and Use Tax – Taxable Business Services – Alterations

COMMITTEE: House Ways and Means Committee

HEARING DATE: March 12, 2025

VERIZON POSITION: Oppose

PURPOSE OF BILL:

House Bill 1554 expands the sales and use tax definition of "taxable service" to specific enumerated services, including accounting, office support services, data or information technology services, and consulting, among others, if those services are purchased within a business-to-business transaction. These transactions would be subjected to a 2.5% sales and use tax rate.

COMMENTS:

Verizon appreciates the opportunity to provide comments on House Bill 1554. Verizon opposes House Bill 1554.

It is important to acknowledge that Verizon supports fair sales and use tax systems and are committed to Maryland's economic growth and development. Although House Bill 1554 attempts to isolate the burdens of this tax to businesses, the negative impacts will be felt by all Marylanders and businesses, regardless of whether or not they are out-of-state or Maryland businesses. And it will reverberate across all sectors.

House Bill 1554 casts doubt on the viability to invest and develop in Maryland, and stifles growth and innovation. This bill will create additional uncertainty at a time that Maryland cannot afford additional uncertainty, while also being misaligned with Maryland's efforts to "strengthen Maryland's economy and continue to build pathways to work, wages, and wealth."

For these reasons, Verizon respectfully requests House Bill 1554 receive an UNFAVORABLE COMMITTEE REPORT.

FOR ADDITIONAL INFORMATION CONTACT:

Joseph L. Askew, Jr.

Vice President – Verizon State Government Affairs

410-269-6653