

Date: March 12, 2025

Honorable Chairperson and Members of Committee,

My name is Dipak Thakker. Thank you for the opportunity for allowing me to speak today on an issue that is of great importance to the state's business community and our future economy: the proposed impact of an additional tax on services would be quite negative to many businesses, their profitability as well as the growth in Maryland. I stand before you not only as a concerned citizen but also as a business owner, which has and will continue to create many jobs with the successes of my companies.

I immigrated from India to the United States 31 years ago because I believed in the promise of hard work and business opportunities. After briefly working as a programmer, I enrolled in an MBA program at Robert Smith School of Business at the University of Maryland.

Upon receiving my graduate degree, I spent over 10 years as a financial regulator building a surveillance system that is, till this day, utilized very successful in identifying and helping to prosecute insider trading and fraud in all three major stock markets.

Fifteen years ago, I started a software consulting company to provide services to the public and private sector. Today I have over 130 employees in seven states and I am proud to say that the headquarter of the company is in Maryland.

For over the last 8 years, I have dedicated most of my time in building solutions using AI to solve some unique problems through my technology incubator and accelerator called Stellar iDea Labs.

Through this incubator, we have funded six startups in various industries such as Healthcare, Hospitality, FoodTech and Regulatory Compliance.

Some of these companies are generating revenue purely by selling software licenses or charge commission, and given the competition in the market, the license fees or the commissions vary from 5 to 10%.

If this new bill passes, the company will be paying half of the fees as tax, which will cut the profitability in half, causing the valuation of each company to drop by a significantly . This will make it extremely difficult for any of these startups to raise any capital, especially as we face competition from companies in states that are more favorable to business.

This additional last tax will make it extremely difficult for many startups to raise any capital as specially as we phase increasing competition from surrounding states.

The IT sector in Maryland plays a crucial role in the state's economy, contributing significantly to job creation and innovation.

According to CompTIA's (Computing Technology Industry Association) [State of the Tech Workforce 2024](#) report, Maryland ranked 15th for net tech jobs in the total workforce with 228,266 workers, 8% of overall employment. There were some 15,683 tech businesses in Maryland. The tech industry contributes \$37.8 billion, or 8.9%, to Maryland's economy.

Compared to Maryland, Northern Virginia (just Fairfax and Arlington Counties) alone has over 15,000 tech companies.

In 2024, IT consulting in Virginia generated \$73.7 billion in revenue (compared to \$37 billion), making it the largest industry in the state by revenue.

So, as you can see, Maryland has very strong competition from across the river and the trend of companies moving there, I believe, will accelerate.

We compete with them for many federal contracts at CMS, NIH, FDA and many other federal agencies. When we compete it often comes down to the price and with higher taxes in Maryland affecting profit margin, we often cannot and may not win.

This proposed additional tax will certainly put Maryland-based companies at a disadvantage against Northern Virginia based companies.

I am very proud to raise my family here in Maryland, be a very active member of my community, and proud of the jobs that I have created thus far. I am worried that this bill, if passed, will have a negative impact not just to my company, but to many companies that are either starting up or trying to compete in a very competitive market.

This is the first time I have ever testified. I very much appreciate for allowing me to share my point of view and the impact I believe that this bill will have.

Thank you again for allowing me to speak here.

Sincerely,

Dipak Thakker
Founder,
Stellar IT Solutions and
Stellar iDea Labs.