



Maryland-Delaware Solid Waste Association
a chapter of the



TO: The Honorable Anne R. Kaiser, Chair
Members, House Ways and Means Committee
The Honorable Eric G. Luedtke

FROM: Richard A. Tabuteau
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DATE: March 2, 2020

RE: **OPPOSE** – House Bill 1628 – *Sales and Use Tax – Rate Reduction and Services*

The Maryland Delaware Solid Waste Association (MDSWA), a chapter of the National Waste and Recycling Association, is a trade association representing the private solid waste industry in the State of Maryland. Its membership includes hauling and collection companies, processing and recycling facilities, transfer stations, and disposal facilities. MDSWA and its members **oppose** Senate Bill 1628.

House Bill 1628 imposes the State sales and use tax on all services, except for specified services, by expanding the definition of taxable service. The bill also reduces the general State sales and use tax rate from 6% to 5% for taxable goods and services. According to Appendix 1 of the Fiscal and Policy Note, Remediation and Waste Services is defined to include nonhazardous waste and recyclable collection, transportation, storage and disposal services; hazardous waste collection, transportation, treatment and disposal services; and site and building remediation and environmental emergency response services. Based on the analyst’s projections, taxed Remediation and Waste Services would result in revenues of \$16.7M in FY2021, \$40.7M in FY2022, \$46.6M in FY2023, \$47.9M in FY2024, and \$49.4M in FY2025.

The overwhelming majority of States do not tax business services. Among the very few that do, South Dakota and Washington counterbalance their service tax by not having personal income tax. South Dakota also has one of the lowest sales tax rates in the country. New Mexico’s income tax ranks in the bottom 20 in the country. Creating a service tax on waste and recycling services would not generate meaningful revenue to fund Kirwan education reforms but would dramatically raise the cost for these companies to operate in Maryland. What’s worse, a tax on waste and recycling services would undermine strides made in improving the State’s recycling and composting rates.

For the foregoing reasons, MDSWA urges the House Ways and Means Committee to give House Bill 1628 an unfavorable report.

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