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March 2, 2020

Delegate Anne R. Kaiser, Chair
Ways and Means Committee
251 House Office Building
6 Bladen Street
Annapolis, Maryland 21401

OPPOSE

Re: **HOUSE BILL 1628 – SALES AND USE TAX – RATE REDUCTION AND SERVICES**

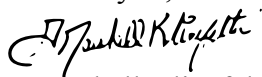
Dear Chairwoman Kaiser and Committee Members:

The Maryland Asphalt Association is comprised of 18 producer members representing more than 47 production facilities, 21 contractor members, 24 consulting engineer firms and 39 other associate members. We proactively work with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

HB 1628 seeks to alter the definitions of "taxable price" and "taxable services." The proposed changes to these definitions are significant and negatively impact the transportation industry. The bill redefines taxable price to include all labor and services for application or installation of products, as well as all professional services. The change in definition in taxable service now includes any activity engaged in for a buyer for consideration. These new definitions are broad and overly inclusive. For example, those who hire laborers and engineers will now be taxed for the services they provide. We are unsure how this will affect both the consumer and the industry, but we expect it to be extensive. This may result in contractors having to lower their prices to come down to expected consumer pricing, or a loss of clientele as they will opt for less expensive services or services altogether.

We appreciate you taking the time to address this important issue and we urge an unfavorable report on House Bill 1628.

Thank you,



Marshall Klinefelter
President
Maryland Asphalt Association