



March 3, 2020

Ways and Means Committee
Maryland House of Delegates
House Office Building, Room 131
6 Bladen St., Annapolis, MD 2140

RE: Oppose HB 1628

Dear Chair Kaiser and Members of the Ways and Means Committee,

I write on behalf of AAHOA, the nation's largest hotel owners association. We represent more than 19,500 members nationwide, including 255 hoteliers in Maryland, 39 of whom are constituents of this Committee's Members. We recognize the importance of investing in our education system and support a sustainable funding solution. However, we are concerned that an estimated \$2.6 billion tax increase – the largest single increase in state history – would threaten our members' economic security. That is why we ask you to oppose House Bill 1628, a bill that decreases the state sales tax from 6 percent to 5 percent but extends the sales tax to services that have never been taxed before.

AAHOA members are primarily first and second – generation small business owners with a strong appreciation for the opportunities offered by Maryland's welcoming community. Thirty years ago, two waves of immigrants came to the United States from South Asia and sought opportunities to improve their lives and those of their families. These determined men and women eventually found a great avenue to achieving the American Dream in the lodging industry. However, starting a business, especially in a new, unfamiliar country, is never easy. They faced discrimination from banks and insurance companies. As a result, forward thinking hoteliers formed AAHOA (Asian American Hotel Owners Association) to help these small businesses thrive.

Unlike large corporations, hotel owners operate on thin margins and cannot afford another tax increase. The lodging community already pays its fair share in federal, state and local taxes, such as payroll taxes, social security taxes, sales taxes, business personal property taxes, estate taxes, Medicare and Medicaid taxes. Furthermore, as small business owners, many hoteliers rely on outside professional services – such as hotel management, legal and accounting – to operate their hotel. Extending the sales tax on vital services only adds to these financial challenges. To meet another substantial cost increase, AAHOA members may reduce the size of their workforce or relocate their businesses to a more affordable location (Maryland would be the only state in the region that broadly taxes services).

For these reasons, we are concerned about the negative economic impacts of House Bill 1628. For decades, AAHOA members have called Maryland home because it is a great place to raise a family and own a business. In the case of our members, nearly all their businesses are family owned. A \$2.6 billion tax increase would jeopardize the economic security of our members, their families and their employees.

Thank you for your time and consideration of this letter. Please do not hesitate to contact me with any questions.

Sincerely,

Kati Siconolfi
Director, State and Local Government Affairs