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March 2, 2020

Members of the House Ways & Means Committee
6 Bladen Street -131 House Office Building
Annapolis, MD 21401

Subject: House Bill 1628 – Sales & Use Tax – Rate Reduction and Services - Oppose

Dear Committee Members:

We, the undersigned **Presidents of the Maryland Association for Justice (MAJ), Maryland State Bar Association (MSBA), and Maryland Defense Counsel (MDC)** write in **opposition** to both the substance and timing of **House Bill 1628 - Sales and Use Tax - Rate Reduction and Services**. Substantively, we find that the repeal of the longstanding exemption of legal services from the Maryland sales and use tax would have **immediate and far-reaching negative consequences** for virtually every form of delivery of legal services. Additionally, we find HB 1628 ill-timed, having been introduced after the 40th day of the Session. (See attachments for further discussion.)

A tax on legal services constitutes a “misery tax” on Maryland consumers, particularly lower-income families. Most consumers seeking legal services are doing so because they are facing difficult circumstances, such as a criminal charge, bankruptcy, divorce, foreclosure, their rights have been violated, they have been injured, or they are settling the estate of a loved one. Adding a sales tax to their legal fees would increase their expenses at the worst possible time. Expanding the sales tax to legal services would be detrimental to Maryland’s economy, making our State less competitive with other states in attracting and retaining key large firm corporate legal service providers. **We urge the House Ways & Means Committee to consider the history of Senate Bill 2 of the 2007 Special Session of the General Assembly**, which sought to impose a sales tax on computer services. That bill was considered over a matter of only a few days and was repealed only months later during the 2008 Regular Session.

For all of the reasons stated above, the **Maryland Association for Justice, Maryland Defense Counsel, and Maryland State Bar Association strongly oppose House Bill 1628, and urge an Unfavorable Committee Report.**

Respectfully,

Ellen B. Flynn
President, MAJ

Dana O. Williams
President, MSBA

Dwight W. Stone II
President, MDC