

**Opposition to HB 1628 - Sales and Use Tax-Rate Reduction and Services
by the Maryland State Dental Association and the Maryland Society of Oral
& Maxillofacial Surgeons**

Respectfully submitted by Daniel T. Doherty, Jr.

The Maryland State Dental Association (MSDA) and the Maryland Society of Oral & Maxillofacial Surgeons (MSOMS) are non-profit organizations representing a membership of licensed dentists. The purpose of each of these associations is to promote and encourage the advancement of the practice of dentistry through education, political and social endeavors. They provide their members with a variety of benefits ranging from discounted products/services from reliable companies; to assisting dental professionals in identifying quality providers of continuing education; to serving as a job search and recruitment resource center; and more. These two associations review and alert their members about new or changed federal and state regulatory requirements that affect the practice of dentistry and impact the delivery of care to Maryland dental patients. They work to protect their members from a variety of problems and pitfalls which confront the practicing dentist. These include wading through the quagmire of insurance laws, regulations and provider contracts. Evaluating and alerting their members to various legal and regulatory requirements, including: patient rights and confidentiality; prescription drug prescribing and monitoring mandates; radiation and infectious waste guidelines and requirements, etc. At all times, as associations representing “competitors in the market place” they must be diligent in following the anti-trust laws as they relate to competition. Vital to effectively providing these services on behalf of their members, the profession as a whole, and the dental patients of Maryland, they must employ the services of attorneys, accountants and legislative counsel.

While HB 1628 provides that “taxable service” does not include “a service provided by a business, professional, labor, or political association”, it does include the services they must obtain from their attorneys, accountants, lobbyists etc. Conservatively, this can constitute a tax liability for many Maryland professional associations of thousands, even tens of thousands of dollars annually. This liability will also extend to the charitable foundations affiliated with these associations. The MSDA’s Maryland Foundation of Dentistry, for example, which has been the conduit for delivering millions of dollars of pro bono dental care to uninsured and under-insured Marylanders, will incur sales tax liability under HB 1628 which will hinder rather than foster its Mission.

Membership costs for most professional organizations are an issue. The organizations must have sufficient dues and non-dues income to sustain their offices, staff, costs of professional services etc. in order to accomplish these goals. As noted, the costs of qualified professional services are not an insignificant budgetary item. However, the tax is even more impactful with respect to lobbying representation. Under Federal law lobbying expenses are, to a large extent, not deductible as a business expense. Taxes on lobbying services are in essence double taxation. To tax these services will potentially limit the ability of these organizations to continue as advocates for dentistry and dental health, and limit their availability to the General Assembly as a resource on issues of dental health and dental care.

In this 21st Century, given the discrepancy of financial resources of major business enterprises versus non-profit professional and charitable organizations, levying a 6% sales tax on lobbying services merely creates the unfortunate consequence of further impairing their ability to advocate “toe-to-toe” with big corporate and insurance interests.

The MSDA and the MSOMS respectfully urge that HB 1628 receive an Unfavorable Report.

**Submitted March 2, 2020 by:
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