

2 March, 2020

The Honorable Anne R. Kaiser Chair of the Ways and Means Committee House Office Building 6 Bladen Street Annapolis, Maryland 21401

Re: Letter of Opposition to HB1628

Ways and Means – Sales and Use Tax – Rate Reduction and Services

Dear Chairwoman Kaiser and Members of the Ways and Means Committee;

We are writing to voice AIA Maryland's opposition to House Bill 1628. AIA Maryland represents nearly 2000 architects in the state of Maryland. This bill would be detrimental to the business of architecture in Maryland and it has the potential to jeopardize public safety in the built environment.

House Bill 1628 would do irreparable harm to Maryland Architects. A majority of architecture firms across the state operate as a small business. Applying a tax to their services would add an extra layer of accounting, increasing their overhead expenses, and reduce their already tight profit margins. To offset this burden, businesses will either need to pass this additional cost onto their clients or seek means to cut total compensation of staff.

This bill would also place Maryland design firms at a disadvantage when completing against out-of-state firms for the same work. Firms whose states do not impose professional services tax, 46 states currently, would be better positioned to win those jobs, taking work away from state firms and directing potential revenue out of state.

Architects are committed to protecting the health, safety, and welfare of those who occupy the buildings we design. This bill may encourage those seeking architectural services to turn to non-licensed individuals, or worse yet seek no input, when planning work that is required by law to be performed by architects. This has the potential to jeopardize the health, safety, and welfare of building occupants, whether it be every-day needs for accessible routes or egress needed in emergency.

All these factors, in an already competitive market, may force firms out of business, or it may force larger firms to leave the state and move their base of business elsewhere.

AIA Maryland advocates for all architects across the state. We care deeply about the health, safety, and welfare of Maryland residents, and sensible practices applied to our profession. The repercussions of this bill are significant, affecting businesses, staff and students and we therefore respectfully ask your committee to vote NO on House Bill 1628.

Sincerely,

Matthew J. Ormsby, AIA

The American Institute of Architects

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