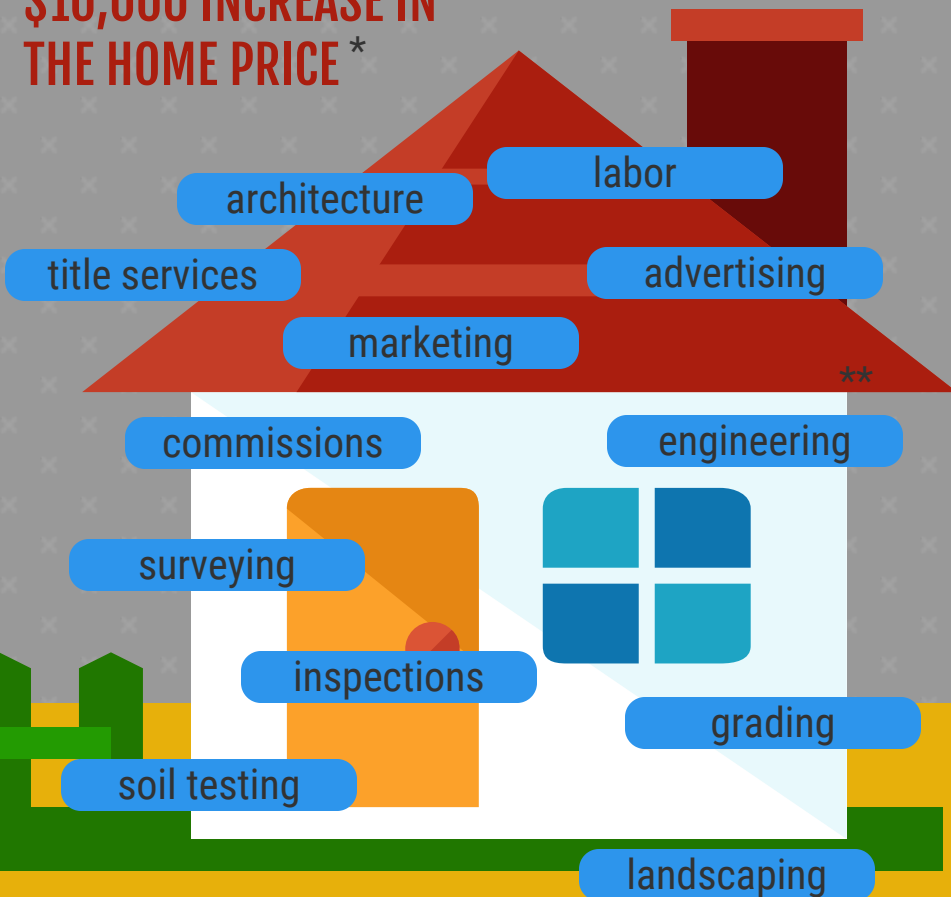


# 50% of new home costs are associated with services

On a \$400,000 home, \$200,000 of the cost is services. With a new 5% tax on services that equals a **\$10,000 INCREASE IN THE HOME PRICE** \*

## AFFORDABILITY FACT

A 2020 NAHB study shows that for every \$1,000 increase in the price of a median-priced new home, 2,881 Marylanders will be priced out of the market.



# The Proposed tax hike from HB 1628 will put home ownership out of reach for even more Marylanders

A limited supply of land, a shortage of skilled labor, increased regulation and increasing material costs are all contributing to higher home prices and rents. The result? Marylanders are struggling to afford one of the most basic human needs — shelter.

At a time when Maryland is grappling with a housing affordability crisis, increasing the cost of a home, by adding a 5% tax on services, will only add to the problem.

## Additional Factors Why Adding a Tax to Services will Hurt the Maryland Economy

- discriminatory impact on small and emerging businesses, which often need to rely on outside services and may not be able to afford the extra cost, while large, established companies with in-house expertise would not be taxed for the same services
- the possible pyramiding of taxes on services and final goods, which results in higher consumer costs
- the lack of uniformity in tax laws, which in some cases may give companies in the non-taxing states, like Pennsylvania, Virginia, Delaware and the District of Columbia, a competitive advantage over Maryland and create a competitive disadvantage, since companies are discouraged from relocating to or expanding into Maryland, thereby impeding our economic growth and development
- the fact that taxes on services are very difficult to administer for states and taxpayers alike, because the multi-state nature of customers and service providers often makes it difficult to determine where, when, and how services were utilized—in fact, four states (Florida, Michigan, Utah and Iowa) that swiftly repealed their newly enacted sales taxes on services did so in part because of the complexity of administering the taxes

\*These numbers are estimates. Costs vary depending on jurisdiction.

\*\*Sampling of services utilized when building a new home.