



MARYLAND TECH COUNCIL

TO: The Honorable Vanessa E. Atterbeary, Chair
Members, House Ways and Means Committee
The Honorable Eric G. Luedtke

FROM: Pamela Metz Kasemeyer
J. Steven Wise
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DATE: February 23, 2022

RE: **SUPPORT** – House Bill 791 – *Sales and Use Tax – Digital Product – Definition*

The Maryland Tech Council (MTC) is a collaborative community, actively engaged in building stronger life science and technology companies by supporting the efforts of our individual members who are saving and improving lives through innovation. We support our member companies who are driving innovation through advocacy, education, workforce development, cost savings programs, and connecting entrepreneurial minds. The valuable resources we provide to our members help them reach their full potential making Maryland a global leader in the life sciences and technology industries. On behalf of MTC, we submit this letter of **support** for House Bill 791.

House Bill 791 provides exemptions from the definition of a taxable “digital product” the purchase of certain software and digital products which are business to business transactions for purposes of Maryland’s sales and use tax. The intent of imposing sales and use tax on “digital products” should be to only impose tax on purchases made by end customers and not on business inputs. These exemptions will eliminate a tax on businesses that was not intended and create more consistency across Maryland’s sales and use tax as a whole. For example, manufacturers are not required to pay sales or use tax on purchases of items that become a component part of their manufactured products or on equipment that is used directly in the manufacturing process. House Bill 791 would create an analogous exemption, whereby the purchase of a digital product that will be used by a business in creating their products or services will not be subject to Maryland sales or use tax. Thus, this legislation will help improve Maryland’s economic development climate, and at the same time maintain the taxability of consumer purchases of digital products. A favorable report is requested.

For more information call:

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