

March 6, 2024

The Honorable Vanessa E. Atterbeary  
House Ways and Means Committee  
House Office Building, Room 131  
Annapolis, Maryland 21401

**Re: HB1515 – Sales and Use Tax – Rate Reduction and Services**

Dear Chairwoman Atterbeary and Members of the Committee:

The Allegany County Chamber of Commerce respectfully requests the House Ways and Means Committee give an **unfavorable report** to HB1515 – Sales and Use Tax – Rate Reduction and Services.

HB1515 would lower the sales tax from 6% to 5% but would extend the tax to many services such as legal, real estate, auto, and more. A tax on services creates yet another barrier in the state of Maryland for business, most particularly small and start-up businesses. The Allegany County Chamber of Commerce represents over 300 businesses in and around Allegany County where many of these services are B2B within our community and where over 75% of our members are small businesses. A few additional points:

**A tax on services puts Maryland businesses at a competitive disadvantage relative to other states.**

States with service taxes are at a disadvantage when it comes to competing with states that don't tax services. HB1515 would discourage the use of Maryland services, as well as discourage companies seeking to expand or relocate here.

**Taxing services will disproportionately affect those who can least afford it.**

The tax rate is the same for all consumers, no matter their income. If more services become taxable, a larger portion of the disposable income of lower-income individuals than that of higher-income individuals will go toward sales taxes.

**Implementation of a tax on services presents a tremendous administrative burden, particularly for small business owners.**

Service providers, many of whom are independent contractors or small business owners, will now have to face a new administrative burden. As the Maryland Association of Certified Public Accountants (CPAs) has pointed out, other states like Florida and Michigan have tried to tax a broad range of services only to quickly repeal them due to the complexity of administration, among other reasons.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on House Bill 1628.

Sincerely,



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President & CEO

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cc: Allegany County Delegation