



To: Ways and Means
From: Ellen S Silverstein CPA
Re: HB 1515
Position: OPPOSE
Sales and Use Tax – Rate Reduction and Services

March 6 2024

Thank you for the opportunity to provide testimony on House Bill 1515. My name is Ellen S Silverstein, and I am a certified public accountant, license #9437, in Maryland. I write today expressing my **strong** opposition to HB 1515 legislation, which expands the sales tax base to include a wide range of services while marginally reducing the overall sales tax rate.

As an accountant practicing in the State of Maryland for over forty (40) years, I work closely with many small businesses across Maryland. This bill would have severe negative impacts on my firm and my clients. Businesses in Maryland had to pivot during the Covid 19 pandemic and worked quickly to meet with the added compliance for PPP and EIDL loans and other grants supplied by government and state agencies. Many small businesses didn't survive; some thrived. Small business is the backbone of all economies, including that in the State of Maryland.

HB 1515 wants to increase compliance burdens by imposing sales tax on the essential and critical accounting, bookkeeping, payroll, and tax preparation services supplied to these small businesses who are still having to work through the shift in this post pandemic economy. HB1515 will significantly increase costs for businesses that rely on these essential professional services. Small businesses operating on thin margins need help affording this added expense burden.

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Beyond accounting, this bill extends the sales tax to numerous other crucial business support services—things like legal services, advertising, maintenance and repairs, and administrative support. Increasing the cost of doing business by means of sales tax on vital service businesses will result in constrained business growth and development, depressed hiring (which already is having an impact on Maryland’s small businesses), as well as put Maryland companies at a competitive disadvantage compared to businesses in other states. Some may even be forced to close their doors.

While lowering the sales tax rate provides some offsetting relief in theory, this bill is a major net tax increase that will siphon over a billion dollars out of the private sector economy. This will reduce Marylanders’ disposable income and decrease consumer spending, further damaging Maryland businesses and the overall economy. Lower and middle-income families will bear the brunt of these impacts as they already are due to the recent inflation and shift in the economy (increased prices for food as an example).

Rather than pursuing this damaging tax policy, I urge the committee to explore other options to generate revenue that don't undermine our business climate and economic competitiveness. There are better approaches than expanding the sales tax to services for Maryland. I respectfully request an unfavorable report on House Bill 1515.

Thank you for considering my testimony.

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