



MARYLAND SOCIETY OF ACCOUNTING AND TAX PROFESSIONALS

10451 Mill Run Circle #625  
Owings Mills, MD 21117

1-800-922-9672  
410-876-5998

FAX 443-881-4146  
www.msatp.org

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**To: Ways and Means**

**From: The Maryland Society of Accounting and Tax Professionals**

**Re: HB 1515**

**Contact Person: Giavante' Hawkins**

**Position: OPPOSE**

**Sales and Use Tax – Rate Reduction and Services**

The Maryland Society of Accounting and Tax Professionals, Inc. (MSATP) represents the voices of over 2,000 tax and accounting professional members. Our members, who are tax and accounting professionals, serve over 700,000 Maryland residents.

MSATP opposes House Bill 1515 due to the significant challenges and burdens it would impose on small businesses across the state. While we appreciate the intent to modernize Maryland's sales tax structure, we believe the proposed changes will create far more problems than they solve.

Our primary concern is the dramatic expansion of the sales tax base to include a wide range of services. Many of our members work with small business clients who provide these services, and we know firsthand the administrative complexities and costs associated with sales tax compliance. Forcing these businesses to start charging, collecting, and remitting sales tax suddenly will be a major undertaking, requiring updates to invoicing and accounting systems, staff training, and ongoing management of exemption certificates and filing requirements.

Furthermore, the addition of a sales tax will make these services more expensive for consumers, which could negatively impact demand and hurt the very businesses the bill aims to support. Many service businesses are still recovering from the pandemic, and this added tax burden could slow their recovery.

While we acknowledge the 1 percentage point reduction in the overall sales tax rate, we do not believe it is enough to offset the harm caused by taxing so many additional services. Consumers may see savings on goods, but they will be paying more for a wide range of services they rely on.

We are also concerned about the short timeline for implementation. The bill takes effect January 1, 2025, leaving little time for the Comptroller's office to issue detailed guidance and for businesses to make necessary changes to their systems and processes.

In conclusion, MSATP believes House Bill 1515 will create significant hardships for small service businesses and their clients, outweighing the potential benefits of the sales tax rate reduction. We respectfully request an unfavorable report on this bill.

*Giavante Hawkins*

Thank you for considering our testimony. We welcome the opportunity to discuss our concerns further and work with the committee to find alternative ways to modernize and improve Maryland's tax structure without burdening small businesses.

