



March 7, 2024

Honorable Vanessa Atterbeary  
Chair - House Ways and Means Committee  
131 Taylor House Office Building  
6 Bladen Street  
Annapolis, MD 21401

Re: HB 1515 Sales and Use Tax – Rate Reduction and Services

**Position: Opposed**

Dear Delegate/Chair Atterbeary:

The Central Maryland Chamber of Commerce (“Chamber”) is comprised of small businesses, corporations, and non-profit organizations, all working together for the economic growth and stability of the Central Maryland business community.

This legislation was vetted by this committee in 2020 and there have been many organizations that have raised valid reasons in opposition that pertain to their associations or industry. The Chamber’s primary opposition to HB 1515 is that the sales tax is a “regressive” tax, and an increase of this magnitude would cause a significant increase in Maryland’s cost of living, which is currently rated 7th highest in the nation, according to Forbes Advisor.

Lower-income workers will be the most affected because more of their income is subject to sales tax. If the Maryland General Assembly is concerned about lower-income workers’ access to affordable housing and wages, they would not support the passage of HB 1515.

The Maryland business community has consistently warned the General Assembly about the adverse effect that tax increases such as HB 1515 have on Maryland’s business climate compared to competing jurisdictions. This concern was reinforced by the recent State of the Economy report by the Maryland Comptroller, which states: “Maryland’s economic growth effectively stalled in 2017 and, outside of the pandemic, has been stagnant ever since.”

We understand that HB 1515 intends to increase revenue and eliminate the state deficit but doing so in this manner will cause more harm than the benefit intended.

17 Services ARE subject to the Maryland Sales and Use Tax.

It is not practical to provide a complete list of the services that ARE NOT subject to the Maryland Sales and Use Tax, that list is virtually endless. If you have not heard from your local barber, beautician, dry cleaner, health club, childcare provider, cable provider, electrician, plumber, car repair, or realtor, etc. you eventually will. There are going to be many small businesses, where the imposition of HB 1515 will be impractical and cause unwarranted administrative difficulties.

We should ask ourselves the question: why has Maryland avoided taxing services?

One reason would be the lack of public support.



During the Special Session of 2007, the General Assembly enacted SB 2 imposing a 6% sales tax on “Computer Services” to be effective in January 2008. There was such a furious statewide reaction from businesses and constituents that the tax was rescinded as soon as the 2008 General Assembly convened in 2008. Imagine what the reaction will be to the passage of HB 1515 in 2024.

The sponsors may believe by reducing the sales tax to 5%, the bill will be received as a reduction rather than an increase in the sales tax; however, voters will soon be informed that the annual sales tax will increase by an estimated \$2.9 Billion. Then they will realize that the increase in sales tax is going to impact them either directly or be passed on to them at higher prices. Furthermore, as people see all the additional services to which the 5% sales tax will apply, they will likely become unsupportive.

The reason that the General Assembly has avoided sales tax on business-to-business sales is that: business products and services are already being taxed via corporate income tax, personal income tax, employees’ income tax, other fees, and taxes, etc. and incorporated into the cost of the retail, wholesale, construction price, etc.

The Central Maryland Chamber of Commerce respectfully requests an unfavorable report on HB 1515. The members of the Central Maryland Chamber thank you for reviewing our testimony and appreciate the work you do on behalf of our community.

Respectfully Submitted,

Cindi Mitchell and Gregory Snyder II  
Central Maryland Chamber