



Ocean City, Maryland Chamber of Commerce

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TESTIMONY OFFERED ON BEHALF OF THE GREATER OCEAN CITY CHAMBER OF COMMERCE

IN OPPOSITION TO:

HB1515 – Sales and Use Tax – Rate Reduction and Services

Before:

House Ways and Means Committee

Hearing: 3/11/24 at 1:00 PM

The Greater Ocean City Chamber of Commerce, representing over 700 regional businesses and job creators, **strongly OPPOSES House Bill HB1515 – Sales and Use Tax – Rate Reduction and Services.**

This legislation, titled “Sales and Use Tax – Rate Reduction and Services,” is a misguided attempt to fund critical priorities through a massive \$2.9 billion tax increase on Maryland residents and businesses. While HB1515 proposes lowering the state sales tax rate from 6% to 5%, it would simultaneously expand the sales tax to a wide variety of everyday services that have never been taxed before, including, but not limited to:

- Accounting and financial planning services
- Childcare services
- Legal and appraisal services
- Real estate services
- Shipping and delivery services
- Transportation, towing, and parking services
- Auto mechanic services
- Grocery delivery, gym memberships, personal training services
- Home repair and improvement services
- Home cleaning and mold remediation services
- Landscaping and tree removal services
- Dry cleaning and laundry services
- Nail salon, barber shop, and beauty salon services

- Veterinary and pet grooming services
- Advertising, public relations, printing, and media streaming services
- Funeral services

This draconian tax expansion is being considered to cover funding gaps created by numerous unfunded policy mandates and costly legislation passed in recent years. However, **placing such an enormous burden on Marylanders and small businesses is not the answer**. While the policies driving these funding needs may be well-intended, the proposed solution of a \$2.9 billion tax increase through HB1515 **fails to fully consider the severe economic impacts it would have on Marylanders, businesses, and our state's competitiveness.**

In addition to putting Maryland at a stark competitive disadvantage as one of the only five states in the nation to broadly tax services in this manner, HB1515 introduces several other major problems:

- The bill discriminates against small and emerging companies that rely heavily on outside services like legal counsel and accounting that larger firms provide in-house.
- It increases the likelihood of pyramiding of taxes, where goods and services get taxed multiple times, driving up consumer costs.
- It disproportionately burdens lower-income Marylanders who would see a larger portion of their disposable income consumed when patronizing businesses in their community.

Maryland's hardworking families and job creators deserved balanced solutions that fund critical priorities while also promoting a strong economy and competitiveness, **not tax increases that will destroy our economic competitiveness, stifle small business growth, and place an unfair burden on Marylanders.**

The Ocean City Chamber respectfully requests an **UNFAVORABLE REPORT for HB1515**. Please feel free to contact the Chamber directly at 410-213-0144, or Dennis F. Rasmussen, dfr@rasmussengrp.net at 410-303-4658, should you have any questions.

Respectfully submitted,

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