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THE VOICE OF THE
INNOVATION ECONOMY

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March 7, 2024

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

RE: HB 1515 (Moon) - Sales and Use Tax - Rate Reduction and Services.

Dear Chair Atterbeary and Members of the Committee,

On behalf of TechNet, I'm writing to offer comments on HB 1515 related to the proposed expansion of the sales and use tax.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.2 million employees and countless customers in the fields of information technology, e-commerce, the sharing and gig economies, advanced energy, cybersecurity, venture capital, and finance. TechNet has offices in Austin, Boston, Chicago, Denver, Harrisburg, Olympia, Sacramento, Silicon Valley, and Washington, D.C.

TechNet supports tax principles that ensure tax structures create a level-playing field for all product and service providers, both technology players as well as others, and do not disadvantage a specific subsector such as gig and sharing economy companies. While the intent of HB 1515 is laudable by lowering the overall sales and use tax from six percent to five percent, we are opposed to the bill as it concurrently expands the sales and use tax to several professional services.

As drafted, HB 1515 would expand the SUT to several professional services, including financial services, shipping and delivery services, advertising, printing, media streaming services, among several others. Increasing the SUT on advertising and media streaming services unfairly targets electronic commerce. Many small businesses especially rely on digital advertising for messaging their services to consumers. Additionally, increasing taxes on shipping and delivery services generally target online business models and harm delivery drivers, small businesses, and delivery-dependent households.

TechNet is vigilant against overbroad and harmful laws and regulations that stifle innovation. For the reasons stated above, TechNet is opposed to HB 1515. Thank you for the opportunity to share our concerns on this bill. Please don't hesitate to reach out if you have any questions.

Sincerely,

Margaret Durkin

Margaret Durkin
TechNet Executive Director, Pennsylvania & the Mid-Atlantic