



HB1515 – Sales & Use Tax

This bill proposes to impose a tax on professional services. This new tax would have a detrimental affect on the cost of construction by imposing the tax on professional services rendered in support of contraction projects, namely land surveying and civil engineering services.

Additionally, many small, sole proprietor survey firms rely on outside legal and accounting services, which would be taxed as well. This new tax burden would disproportionately affect these small businesses that don't have these professionals on staff.

Sales tax is not uniform across all States, this would put Maryland firms at a competitive disadvantage when competing for projects with firms from other States. This may drive firms to leave Maryland.

A sales tax is expensive for both the State and businesses to administer, the tax is very regressive, affecting lower income Marylanders the most, and it would impede job growth among small businesses.

Finally, a tax on professional services is very unpopular, as only four states currently impose a sales tax on professional services. Florida imposed a sales tax several years ago and had to repeal it less than a year later, embarrassing the Governor and State Legislature.

House Bill 1515 will impose a new tax on professional services. History shows that this type of tax is very unpopular, with only 4 States currently imposing one. This tax will increase the cost of doing business in Maryland, and therefore increase the cost of construction, at a time when Maryland is in a housing crisis. The Maryland Society of Surveyors asks this committee to make an **unfavorable recommendation** for HB1515.

Respectfully,

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Chairman, Government Affairs Committee
Maryland Society of Surveyors

