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CECIL COUNTY

CHAMBER of COMMERCE

March 10, 2025

Senator Guy Guzzone
Budget & Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

RE: Senate Bill 1045 – Sales and Use Tax – Taxable Business Services – Alterations

Senator Guzzone and Members of the Budget & Taxation Committee:

The Cecil County Chamber of Commerce, representing over 400 businesses and organizations in Cecil County, is writing to express our serious concerns regarding the proposed ***SB1045 – Sales and Use Tax – Taxable Business Services - Alterations***. Our Government Relations Committee, comprised of Chamber members who monitor and provide testimony on pending legislation, has reviewed this bill and request an **UNFAVORABLE** vote. This bill imposes an unnecessary and harmful burden on Maryland's small businesses, hindering economic growth and placing our state at a competitive disadvantage.

Maryland's business community relies on professional services such as accounting, IT support, consulting, and human resources to operate efficiently. Taxing these essential services would have far-reaching negative consequences, including:

- **Increased Costs for Businesses** – Many small businesses operate on thin margins, and this additional tax could force cuts to jobs, wages, or reinvestment in the local economy.
- **Competitive Disadvantage** – Maryland would be less attractive for business expansion compared to neighboring states like Virginia and Delaware, which do not tax business-to-business services.
- **Unintended Economic Consequences** – Rising business costs will inevitably be passed to consumers, increasing prices and slowing overall economic activity in Maryland.

Passage of this legislation simply will add to the cost of doing business in the State of Maryland, further negatively impacting the competitiveness of the State in attracting and keeping businesses that can easily relocate to our neighboring states. As most businesses require the use of the laundry list of services subjected to the proposed 2.5% sales and use tax, its impact may prove substantial to those already operating with a slim profit margin. For those providing the services, it will entail the cost of revisions to billing/invoicing systems and the administrative costs of filing and payment of the newly imposed tax. Although the proposed tax is only on businesses, thus "hidden" from most citizens, it will ultimately be all Marylanders who pay as it is either passed along in the cost of the final product or service that the individual purchases, or as a result of it becoming yet one more reason for a business to decide to relocate to a more favorable state for conducting its business, reducing employment in Maryland and deepening the State's fiscal hole.

The Cecil Chamber members continue to wait for actions by the Governor and General Assembly that will positively address the data that indicates ***Maryland is not friendly to business***. The

Governor has been quoted on several occasions that “*Maryland must grow our way out of this deficit.*” Yet HB 1554 is much more likely to impede the needed growth in Maryland business activity.

We thank you for considering our position on this legislation and request an **UNFAVORABLE** ruling on **SB1045**. Please feel free to contact our Government Relations Committee through Jessica Worley at jworley@cecilchamber.com (410-392-3833) or Committee Chair Carl Roberts at cdennyroberts1@aol.com (443-206-3068).

Sincerely,

Cecil County Chamber of Commerce
Government Relations Committee