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The Honorable Venessa E. Atterbeary
Chair, Senate Budget and Taxation Committee
130 Taylor House Office Building
Annapolis, Maryland 21401

RE: House Bill 1554 - Sales and Use Tax - Taxable Business Services – Alterations - UNFAVORABLE

Dear Chair Atterbeary and Members of the Committee,

On behalf of the National Association of Benefits Insurance Professionals of Maryland (NABIP MD), I wish to express our opposition to House Bill 1554.

NABIP MD (formerly Maryland Association of Health Underwriters - MAHU) is a trade association comprised of several hundred licensed health insurance producers in Maryland who represent both businesses and individuals in analyzing their need for health insurance and advising clients on health insurance coverage and benefits. NABIP MD members have traditionally served as the representatives for small and medium-sized businesses in the negotiation of health benefit plans for the employees of those businesses.

Although services arising from the provision of insurance may be exempt as covered by the Maryland insurance premium tax, many other services listed in this legislation are not. For example, consulting services (page 5, line 7 and 8), software systems and applications and information technology (page 5, lines 3-6), are all considered to be taxable services under the bill. NABIP members utilize these and other services for the benefit of their business and individual clients. They are often referred to as the “human resources department” for the many small businesses they serve. The application of the sales tax to the many services that a NABIP MD member may purchase or deliver will disproportionately fall upon these small businesses, which are already dealing with historically high insurance costs. While NABIP MD members understand that our State must reconsider the application of the State sales tax to certain services, we strongly believe that prior to the enactment of a broad-based expansion of the sales tax, as contemplated in this legislation, requires a more careful and deliberate approach.

Accordingly, we respectfully request an unfavorable report on House Bill 1554 and recommend that a detailed study be conducted during the legislative interim by the legislature, the Office of the Comptroller and the Governor’s Office. We pledge our participation in such a study.

Very truly yours,



Bryson Popham

cc: Melissa Coles, President, NABIP MD
Kevin O’Toole, Co-Chair, NABIP MD Legislative Committee
Glenn Arrington, Co-Chair, NABIP MD Legislative Committee