



March 12, 2025

The Honorable Guy Guzzone, Chairman
Senate Budget and Taxation Committee

The Honorable Vanessa Atterbeary
House Ways and Means Committee

RE: House Bill 1554 / Senate Bill 1045 – Sales and Use Tax - Taxable Business Services - Alterations

Position: **Oppose**

Chairs Guzzone and Atterbeary & Committee Members:

The American Council of Engineering Companies/Maryland (ACEC/MD) is the engineering industry's business association representing 90 companies that employ approximately 7,000 employees statewide. Many of our members are engaged in the design of public water and wastewater systems, bridges, highways, building structures and environmental projects. On behalf of the association, I am writing to express our **opposition** to Senate Bill 1045 / House Bill 1554.

This bill would impose a new 2.5% tax on a wide range of business services, increasing costs and creating unnecessary burdens for companies of all sizes.

The bill specifically targets essential services that businesses rely on every day, including:

- **Accounting, payroll, and financial services** – making it more expensive for businesses to handle bookkeeping and taxes.
- **Office support and IT services** – adding costs to vital back-office operations and technology infrastructure.
- **Staffing and contractor services** – making it harder for businesses to hire temporary workers or consultants.
- **Repair services for vehicles and equipment** – making it more costly for businesses to maintain operations.
- **Consulting services, including engineering and environmental consulting** – directly impacting firms that provide critical support for infrastructure, ecological restoration, and regulatory compliance. This would **increase costs for state-funded projects**, ultimately burdening taxpayers.

The tax on consulting services under NAICS Sector 5416 is particularly concerning, which includes management, environmental, and scientific consulting. **Many of our member engineering and ecological restoration firms provide these services to support infrastructure development, stormwater management, and environmental compliance for government clients. Taxing these services will make it more expensive for businesses and**



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even for the state itself as the client, as public projects will see increased costs due to higher contractor expenses.

Thank you for your time and consideration. We welcome the opportunity to discuss this issue further.

Sincerely,

Maria Donovan
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