



Senate Budget and Taxation Committee
February 25, 2026

Senate Bill 600 – *Sales and Use Tax – Definition of Retail Sale – Alterations*
POSITION: SUPPORT

The Maryland Tech Council (MTC), with over 800 members, is the State’s largest association of technology companies. Our vision is to propel Maryland to be the country’s number one innovation economy for life sciences and technology. MTC brings the State’s life sciences and technology communities into a single, united organization that empowers members to achieve their goals through advocacy, networking, and education. On behalf of MTC, we submit this letter of **support** for Senate Bill 600.

Senate Bill 600 modifies Maryland’s sales and use tax law by adjusting the definition of “retail sale” to exclude certain sales of technology services in specific situations. The MTC understands that the intent of this legislation is to narrow the scope of what is taxed under the sales and use tax framework for technology service transactions, thus providing clarity and potential tax relief for businesses that buy and resell services or transact within affiliated structures.

Maryland’s innovation economy is built on interconnected businesses. Small software developers, cybersecurity firms, artificial intelligence startups, cloud integrators, data analytics companies, and information technology (IT) service providers frequently purchase technology services from one another to build, enhance, and deliver new solutions to customers. The modern technology marketplace is layered and collaborative: one company’s service is often a component of another company’s final product.

Senate Bill 600 recognizes this reality by clarifying that certain technology service transactions, particularly those intended for resale or occurring within affiliated business structures, should not be treated as taxable retail sales. By doing so, the bill prevents cascading tax burdens that can occur when services are taxed multiple times as they move through the development chain. The relief provided by this bill is especially important considering Maryland’s enactment of a 3% tax on data and IT services in the 2025 Session. This new tax has already had a significant detrimental impact on Maryland’s technology sector, both in terms of real dollars and in Maryland’s reputation as a favorable place to grow, expand, and innovate. Even though this bill is narrowly tailored to a specific circumstance, it represents a step in the right direction and a common-sense effort to apply the tax fairly. For these reasons, we urge a **favorable** report for Senate Bill 600.

For more information call:

Andrew G. Vetter
J. Steven Wise
Danna L. Kauffman
Christine K. Krone
410-244-7000