



**LEGISLATIVE POSITION: Unfavorable**  
**House Bill 1515—Sales and Use Tax—Rate Reduction and Services**  
**House Ways & Means**

**Monday, March 11, 2024**

Dear Chairwoman Atterbeary and Members of the Committee:

For 75 years, the Gaithersburg-Germantown Chamber of Commerce has been the leading advocate for businesses along the upper I270 corridor in Montgomery County, commonly called the “Upcounty.” We specifically serve the business communities in Gaithersburg, Germantown, Clarksburg, and Damascus; our membership currently includes approximately 470 members in dozens of industries. Our members range in size from volunteer-run nonprofits with zero employees, to solopreneurs, to businesses with thousands of employees in the Upcounty. We are committed to being a voice for all businesses in the Upcounty, resulting in a business-friendly environment and high quality of life in our community.

House Bill 1515 would deeply and negatively impact all of our members and the Maryland communities in which we live and work. While proposing to lower the sales tax from 6% to 5%, this bill expands the sales tax to everyday services including legal services, realtor services, home improvement, auto services, and numerous other professional and personal services.

This represents an expected \$2.9 billion tax increase to Marylanders. We recognize that this tax increase is proposed to cover funding gaps created by the costly legislation and unfunded policy mandates passed in recent years. However, we believe that further taxing Marylanders and placing undue additional burden on our businesses, will only further decrease Maryland’s ability to remain competitive in a difficult marketplace. Rather, we believe you should focus on building a climate attractive to new business in Maryland, creating an economy that doesn’t rely on placing additional tax burdens on our taxpayers.

In addition to putting Maryland at a disadvantage against nearly all other states (only 5 states broadly tax professional and personal services in this way), this legislation is problematic in many other ways:

- **A tax on services is discriminatory against small and fledgling businesses, who rely on outside services (legal, accounting, etc.) that larger companies can provide in-house.**
- **This legislation will result in pyramiding taxes, which leads to higher consumer costs.**
- **Taxing services will disproportionately impact lower-income residents and business owners when they patronize businesses in their communities.**

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- **Implementation of a tax on services presents a tremendous administrative burden, particularly for small business owners.**

Many of our members are writing to their own representatives in the State Assembly to express their concern about this massive tax increase. Our businesses in Maryland, and our hardworking citizens, deserve a more balanced approach to funding our programs while still striving for a strong economic outlook.

Because this legislation will destroy our state's competitiveness, unduly burden our small business owners, and stifle the economy, the Gaithersburg-Germantown Chamber of Commerce respectfully requests an **Unfavorable Report** on House Bill 1515.

Sincerely,



Paula Ross  
President & CEO