



House Bill 1554 -- *Sales and Use Tax - Taxable Business Services - Alterations*
House Ways and Means Committee
March 12, 2025
Oppose

On behalf of the Gaithersburg-Germantown Chamber of Commerce, Greater Bethesda Chamber of Commerce, Greater Rockville Chamber of Commerce, Greater Silver Spring Chamber of Commerce, and Montgomery County Chamber of Commerce, we strongly oppose House Bill 1554 -- *Sales and Use Tax - Taxable Business Services - Alterations*.

House Bill 1554 proposes a 2.5% tax on business-to-business services in Maryland, potentially burdening businesses with an additional \$1 billion of taxes annually. Our chambers argue that taxing business-to-business services is fundamentally flawed policy and unfairly balances the budget at the expense of businesses.

We are deeply concerned about the negative impact this tax will have on Maryland's already fragile business environment. Unlike Maryland, our neighboring and competitor states do not impose such a significant tax on business services, and neither should we.

The primary burden of this tax will fall on small and mid-sized businesses, which operate on tight margins and cannot easily absorb additional costs. These businesses are the backbone of our economy, and increasing their expenses could stifle growth, hinder job creation, and harm Maryland's economic health.

Policymakers should prioritize policies that support business growth, job creation, and economic expansion in Maryland. This approach is the most effective way to revitalize Maryland's stagnant economy and boost state tax revenues. If this bill passes, it will be the neighboring states that benefit from our loss, growing their tax bases at Maryland's expense.

For these reasons, our united group of Montgomery County business organizations respectfully request an unfavorable report.

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