



This Week in State Tax (TWIST)

March 17, 2025



Maryland: General Assembly Considers Sales Tax on Business Services

To address a projected \$3 billion budget deficit for FY 2026, the Maryland General Assembly is considering a variety of revenue-raising proposals. House Bill [1554](#) and its companion, Senate Bill [1045](#), would impose a new 2.5 percent sales and use tax on certain specified business services. The tax would apply only if both the provider of the service and the buyer are business entities. The bills amend the definitions of “taxable price” and “taxable service” to impose tax on the following:

- Accounting, payroll, and bookkeeping services,
- Office support services,
- Permanent or temporary employee or contractor placement services,
- Data or information technology services,
- System software or application software publishing services,
- Consulting services,
- Experimental development services,
- Photography, design or printing services,
- Lobbying, public relations, or marketing services,
- Landscaping and nonresidential building or property maintenance services,
- Heavy truck or bus repair services,
- Repair services,
- Financial planning or tax preparation services,
- Appraisal services,
- Sports or performing arts advertising services, and
- Valet or parking services

Each listed service is defined by reference to various sectors under the North American Classification System. If a higher rate than 2.5 percent could be applied to a transaction involving the sale or use of tangible personal property, a digital code, a digital product, or a taxable service, the higher rate shall apply. Maryland’s general sales and use tax rate is 6 percent. If enacted, the legislation would take effect on July 1, 2025. The state estimates that imposing tax on the specified business services would raise approximately \$944 million annually.

The General Assembly is also considering a measure to create a data broker registry and impose a six percent tax on gross income from data brokering receipts attributable to Maryland. [S.B. 904](#) is similar to the

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data brokering measure introduced in Washington State (H.B. 1884) as discussed in [the February 25 TWIST](#). For questions on House Bill 1554, Senate Bill 1045, and Senate Bill 904, please contact [Jeremy Jester](#).

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