

This Week in State Tax (TWIST)

March 24, 2025



Maryland: Sales Tax on Business Services Fails to Advance

Two Maryland bills (House Bill [1554](#) and Senate Bill [1045](#)) that would have imposed a new 2.5 percent sales and use tax on certain specified business services have failed to advance. As previously reported in [TWIST](#), the proposals would have extended tax to a broad range of new services but would have applied only if both the service provider and the customer were business entities. In committee hearings last week, several hundred persons signed up to testify in opposition to the measures.

The legislature's crossover date – when each chamber sends to the other the bills that they intend to pass favorably – was Monday, March 17, and neither bill advanced from its house of origin. In addition, Governor Wes Moore stated that he did not support the proposals and that they would not be included in his final budget. Legislators are now considering other options to address the state's \$3 billion budget deficit; a 3 percent tax on consumers of "data and information technology services" is among the matters being considered. The Maryland legislature is scheduled to adjourn *sine die* on April 7. Please contact [Jeremy Jester](#) for any questions and stay tuned to TWIST for further legislative updates.

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