



Maryland Chamber of Commerce

Legislative Position

HB 9

SUPPORT

Ways &
Means
Committee
11/3/07

HB 9

Sales and Use Tax – Payment of Tax by Seller

Bill Summary: This bill would allow vendors to assume or absorb any part of the sales tax on behalf of the buyer.

Chamber Position: The Maryland Chamber of Commerce supports this bill.

With the prospect of the sales tax rate being increased, Maryland businesses that compete with Delaware vendors will be at an even greater disadvantage – Maryland shoppers who buy in Delaware because that state has no sales tax, versus paying the increasing Maryland rate.

The perceptions held by Maryland customers can be changed and result in more buying being done in Maryland than in Delaware if Maryland simply removes a current restriction: Maryland vendors are not allowed to pay the tax for the customer or advertise that they will pay the tax.

Removing this prohibition and allowing vendors to absorb the tax will increase Maryland sales and Maryland business results, and ultimately result in more total tax revenues (sales tax and income tax, etc.) for Maryland's treasury.

Maryland will not lose any revenue on the sales transactions where the vendor absorbs the tax – the tax is still being paid, it is just coming from the vendor directly rather than from the customer. Vendors would still be required to separately state the sales tax amount, thus allowing the Comptroller's auditors the audit information required.

We urge you to give HB 9 a favorable report.

Contact: Ronald W. Wineholt rwineholt@mdchamber.org