

Techies push repeal of new sales tax

Maryland's technology industry rang in the holidays lobbying state lawmakers to kill a new sales tax on computer services before it takes effect this summer. "There has not been a legislator that we have spoken with who thinks this is a good idea," said Julie Coons, chief executive officer of the Tech Council of Maryland. The tax, inserted at the last minute into a \$1.7 billion piece of legislation during the special session, came as a "shock" to computer firms, according to Ms. Coons, who said her group has met with more than 100 lawmakers. A proposal earlier in the session by Gov.

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support and maintenance of hardware and software. Ms. Coons noted that the tax isn't limited to information-technology firms. It affects any company that purchases information-technology services in Maryland. "This is a tax that applies to all businesses, " she said. "Everybody's computer-services budget just got cut by 6 percent." The Maryland General Assembly begins its 2008 session tomorrow. Delegate Sheila E. Hixson, the Montgomery County Democrat who chairs the House Ways and Means Committee, is out of town and not available for comment before then, a spokeswoman said. The office of state Sen. Ulysses Currie, the Prince George's County Democrat who chairs the Senate Budget and Taxation Committee, did not return a phone call seeking comment. When asked whether Mr. O'Malley supports a repeal of the computer-services tax, a spokeswoman said: "It was not part of the governor's proposal, but if it is repealed, we would have to work to come up with additional \$200 million in revenue to balance the budget or make additional cuts on top of \$550 million in reductions we are already making." Ron Wineholt, vice president for government affairs at the Maryland Chamber of Commerce, said a repeal has a better chance if businesses can come up with another way to balance the state's budget. "The key is going to be not only convincing legislators that this tax needs to be reconsidered, but that we've got a better alternative, " Mr. Wineholt said. Otherwise, Mr. Gore fears that technology customers will simply look to out-of-state contractors to try to avoid the tax. "What do we do if we have to stay profitable? No matter what we do, people are going to suffer, " he said.