# Apply Sales Tax to the State's Modern Economy

Over the past fifty years, the foundation of Maryland's economy has shifted from agriculture and manufacturing to services. Yet, the sales tax is applied mostly to the purchase of products, not services.

The Puddester Commission in 2002 reported that **Maryland can raise more than $1.275 billion by applying the existing sales tax rate to the four areas of the service economy listed below**. High-income individuals and businesses disproportionately purchase these services, so if applied in a tailored manner and mindful that some seemingly high-end services can be passed through directly to low-income people, such a reform could raise significant revenue while not unduly burdening middle-class and poor families.

- Business services $600 - $700 million
- Information services $325 - $385 million
- Professional services $200 - $260 million
- Financial services $150 - $230 million

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**Total** **$1.275 to $1.575 billion**