



Matthew W. Kagel
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The Honorable Senator Guy Guzzone
Miller Senate Office Building
11 Bladen Street, Room 3
Annapolis, MD 21401

March 12, 2025

RE: Protect Maryland's Franchise Small Businesses - Oppose SB 1045

Dear Chairman Guzzone and Members of the Senate Budget & Taxation Committee:

I am writing to express my strong opposition to SB 1045, a bill that threatens the livelihood of thousands of small business owners in Maryland. As director of state & local government relations with the International Franchise Association, I represent the over 16,000 franchise small business owners in Maryland who employ more than 173,000 residents and contribute approximately \$18.1 billion in economic output to the state.

There is a common misconception that franchises are simply extensions of large corporations. In reality, they are locally owned businesses operated by community members—our neighbors, friends, and fellow residents—who are already navigating significant economic challenges. These challenges include ongoing labor shortages, rising operational costs, and market uncertainties. Adding a costly new tax to the equation will only exacerbate these difficulties at a time when every dollar counts for small business owners.

This proposed tax is not a burden that will fall on large corporations; rather, it will be directly shouldered by small business owners who already operate on tight margins. The real-world consequences of this legislation will include:

- **Fewer job opportunities and layoffs in local communities.**
- **Reduce wages and limited career advancement for employees.**
- **Higher prices for consumers, making serves more expensive.**
- **Less investment in local economics, slowing down community development and growth.**

Maryland was recently named one of the top 10 states for franchise growth. Enacting SB 1045 would reverse this progress, stifling entrepreneurship and discouraging future investment in the state. Rather than imposing new financial burdens on small business owners, lawmakers should focus on policies that support economic expansion and job creation.

I urge you to consider the real impact that SB 1045 will have on Maryland's small businesses and oppose this harmful legislation. I welcome the opportunity to discuss this issue further and am happy to provide any additional information needed.

Respectfully,

A handwritten signature in black ink, appearing to read 'MK', with a horizontal line extending to the right.

Matthew W. Kagel
Director, State & Local Government Relations

