



To: Senate Budget and Taxation Committee

From: Maryland-DC-Delaware Broadcasters Association
Tim Nelson, Counsel (tnelson@brookspierce.com)

Re: Opposition to HB 1554/SB 1045 – Sales and Use Tax – Taxable Business Services – Alterations

Date: March 10, 2025

The Maryland-DC-Delaware Broadcasters Association (“MDCD” or the “Association”),¹ on behalf its Members, which include approximately 20 television stations and 110 radio stations, strongly opposes House Bill 1554 and Senate Bill 1045 – “Sales and Use Tax – Taxable Business Services – Alterations.”

House Bill 1554 and Senate Bill 1045, in imposing a new, sweeping, business-to-business tax on nearly all services, would prove destructive to Maryland’s economy, make it more challenging and expensive to operate a business in the State, lead to job losses, and raise costs for all of Maryland’s citizens. House Bill 1554 and Senate Bill 1045 would severely disadvantage Maryland companies relative to those in other states; inevitably, some Maryland businesses would simply contract with out-of-state entities for the very services targeted by the legislation in order to avoid the taxes associated therewith.

While the precise operational impact of House Bill 1554 and Senate Bill 1045 is difficult to discern from the plain text thereof, the legislation’s apparent tax on advertising services would prove extremely harmful to Maryland’s local broadcast stations and would jeopardize their ability to provide news, weather, emergency information, entertainment programming, and other vital local services to communities across the State. Maryland’s local radio and television stations provide the only free option for citizens to receive these services; often, they are the only source of official information when lack of power, cell service and broadband make other platforms unavailable. Local broadcasters continue to provide these essential public services but face extraordinary competitive headwinds, particularly from international Big Tech conglomerates that have taken massive shares of local broadcasters’ advertising revenues.

We urge that you support broadcasters’ continued, critical work in Maryland by rejecting House Bill 1554 and Senate Bill 1045, or, at the very least, by amending the bills in order to clarify that the legislation is not applicable to advertising services provided by local broadcasters to Maryland businesses.

Advertising, particularly for small businesses, is a necessary investment that stimulates Maryland’s economy and drives the sales of goods and services. Any tax on advertising will, of course, reduce the amount of money that Maryland’s businesses spend on advertising to promote

¹ The Maryland-DC-Delaware Broadcasters Association is a voluntary, non-profit trade association that advocates for the interests of its member radio and television stations and, more generally, the interests of broadcasting in Maryland, Delaware, and Washington, D.C.

their goods and services. That, in turn, will reduce the sale of goods and services here in the State. It will hurt Maryland's economy, both Statewide and in individual localities.

The tax on advertising in HB 1554 and SB 1045 will also directly harm local broadcasters' revenues, and, consequently, their ability to serve Maryland's local communities. MD CD's radio and television member stations are licensed by the federal government to operate in the public interest, and they remain the most trusted source of news and information here in Maryland. Maryland's local radio and television stations rely on advertising revenues to operate their newsrooms and to serve their communities; advertising dollars represent virtually all of the revenues for Maryland's radio stations and more than half of the revenues for the State's television stations. HB 1554 and SB 1045, in taxing advertising, will hurt every business in Maryland—and harm each and every newsroom in the State.

MD CD urges the House and Senate to reject HB 1554 and SB 1045 and seek other ways to remedy the State's budget deficit. Again, however, if the Legislature refuses to do so, MD CD respectfully requests that lawmakers amend the legislation to clarify that local broadcast stations and the advertisers with whom they do business in Maryland are not subject to HB 1554 and SB 1045.

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