



**The Greater Ocean City, Maryland
Chamber of Commerce, Inc.**

**TESTIMONY OFFERED ON BEHALF OF
THE GREATER OCEAN CITY CHAMBER OF COMMERCE**

**IN OPPOSITION TO HB 695 Digital Advertising Gross Revenues –Taxation
Before the House Ways and Means Committee
February 28, 2020**

The Greater Ocean City Chamber of Commerce, representing more than 950 regional businesses and job creators, strongly OPPOSES HB 695 Digital Advertising Gross Revenues –Taxation.

House Bill 695 would create a gross receipts tax on revenues derived from digital advertising services in Maryland. As defined by the bill, digital advertising services are advertisement services on a digital interface to include any type of software, website or application. Revenues would be sourced to Maryland if the advertising appears on a device with an IP address indicating that the device is in Maryland, or if the user of the device is known or “reasonably suspected” to be using the device in Maryland. The tax would apply to companies that have global annual gross income of \$100 million or more, and digital advertising services sourced to Maryland of \$1 million or more.

As drafted, HB 695 presents innumerable constitutional and policy concerns, not the least of which is an overt violation of the Permanent Internet Tax Freedom Act. Beyond the legal challenges, of greatest concern to the Chamber is that the economic burden of HB 695 will ultimately be borne by Maryland businesses and consumers of advertising services within a digital interface—including websites and applications. As a result of this tax, advertising service providers will pass through the increased costs to their customers. This includes local Maryland businesses that utilize online platforms to reach new customers. Although the intended targets of this tax are large global corporations, it is Marylanders who will feel it most in the form of higher prices and lower revenues. We are a rural seasonal community and simply cannot absorb these costs.

The Greater Ocean City Chamber of Commerce Membership respectfully requests an unfavorable report for HB 695 Digital Advertising Gross Revenues –Taxation. Please feel free to contact me with any questions regarding the position of the Greater Ocean City Chamber of Commerce at 410-213-0144 ext 102.

Sincerely,

Melanie A. Pursel, M.S.

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