



POSITION STATEMENT

TESTIMONY PRESENTED TO THE HOUSE WAYS AND MEANS COMMITTEE

HOUSE BILL 695 -- DIGITAL ADVERTISING GROSS REVENUES - TAXATION

February 28, 2020

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

House Bill 695 imposes a tax on annual gross revenues derived from digital advertising services such as advertisement on a digital interface, including banner advertising, search engine advertising, and other comparable advertising services.

The Greater Baltimore Committee (GBC) acknowledges that as Maryland's economy continues to evolve so must the manner in which revenues are collected for essential government services. While House Bill 695 seeks to address taxation on a small portion of today's economy, the GBC contends that it is not prudent to tax one type of product, service, or industry without careful examination of Maryland's entire tax structure.

The legislative approach proposed in this bill is inconsistent with the GBC's report, *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*. The report identifies eight pillars for a competitive business environment. One of the pillars is:

Tax structure that is fair and competitive. Maryland's tax policy must be perceived by business as being competitive and devoid of elements that unreasonably target specific businesses or business sectors.

The GBC instead calls for policymakers to undertake a careful and comprehensive examination of Maryland's tax structure.

Maryland faces long-term fiscal challenges with looming structural deficits and a need to create sufficient revenue to provide funding for education reform. Maryland's policymakers have an opportunity to undertake a serious discussion about transformative change in the form of comprehensive tax reform. A vehicle for such reform is House Bill 185 -- *Commission on Tax Policy, Reform, and Fairness*. This bill calls for the creation of a commission that will conduct a comprehensive examination of Maryland's tax structure and make recommendations for reform by December 1, 2021. The GBC strongly supports the proposal advanced in House Bill 185 and urges the House Ways and Means Committee to seriously consider such an approach rather than a piecemeal effort.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 65-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

GREATER BALTIMORE COMMITTEE

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