



Barbara Noveau, Executive Director, DoTheMostGood—Montgomery County

COMMITTEE: Ways and Means

TESTIMONY ON: HB695—Digital Advertising Gross Revenues--Taxation

POSITION: Favorable

HEARING DATE: February 28, 2020

BILL CONTACT: Delegate Alonzo T. Washington

To: The Honorable Anne R. Kaiser, Chair, Ways and Means Committee, and Committee Members

DoTheMostGood—Montgomery County (DTMG) is a progressive grassroots organization with more than 1600 members who live in a wide range of communities from Bethesda near the DC line north to Germantown and beyond, and from Potomac east to Silver Spring and Olney.

Other than enactment of appropriations, DTMG asserts without hesitation that the most important task before the legislature in 2020 is to enact HB1300, which would implement the recommendations of the BluePrint for Maryland (the Kirwan Commission recommendations). Also essential is the enactment of legislation raising the revenue for full, timely implementation of HB1300. Without providing the necessary funding through enactment of bills such as HB695, the implementation of HB1300 could become meaningless. DTMG has promoted substantially increased funding for our public schools for several years. We organized the first Strong Schools Maryland Team in Montgomery County in the fall of 2017. We did this because we understand this is the once-in a generation opportunity to address the disturbing decline in the performance of our schools. Without passage and full implementation of HB1300 through the provision of adequate funding, it will be a challenge for our students to compete on par with an increasingly more skilled and better educated workforce in an increasingly global marketplace.

HB695 proposes to provide substantial additional revenue for education by raising revenue through the taxation of certain digital advertising services that are active in Maryland. Digital advertising revenue is flourishing, annually increasing by leaps and bounds. According to a 2018 report by the Interactive Advertising Bureau and completed by PriceWaterhouse Coopers, mobile advertising revenues jumped from \$7 billion in 2013 to \$70 billion in 2018. This number is projected to increase to over \$235 billion by 2024. This is in addition to the nearly \$40 billion from desktop digital advertising.

The proposed tax increase would fall primarily on the 10 largest advertising companies that were responsible for 75 percent of internet ad revenues in the last quarter of 2018. These companies are earning hundreds of billions of dollars, significant portions of which are derived from utilizing

personal data which they are acquiring for free from purchasers of their products or those accessing their websites.

The search for additional revenue for public education should not be achieved through enactment of legislation that is regressive, harming those most with limited financial resources. Enactment of HB695 is a thoughtful, fair way to gain the additional necessary resources to support one of Maryland's most important responsibilities—educating its children. Improved education is essential for the personal development of our children and the long-term economic strength of Maryland and the nation.

For all of the reasons mentioned above, DTMG strongly supports HB695 and urges a **FAVORABLE** report on this bill.

Respectfully submitted,

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