



**TECHNET**  
THE VOICE OF THE  
INNOVATION ECONOMY

February 21, 2020

Del. Anne Kaiser, Chair  
House Committee on Ways and Means  
Maryland General Assembly  
House Office Building, Room 130  
Annapolis, Maryland 21401

**Re: HB 695- Digital Gross Advertising Revenue**

Dear Chair Kaiser and members of the Committee-

*TechNet is the national, bipartisan network of over 80 technology companies that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50 state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents more than three million employees in the fields of information technology, e-commerce, clean energy, telecommunications, gig economy, sharing economy, venture capital, and finance.*

TechNet respectfully submits comments in opposition to HB 695 (Washington), which creates a new tax on digital advertising services. This is an discriminatory, arbitrary and expensive tax that will only hurt Maryland businesses and residents who are consumers of digital advertising and who are not protected from having the tax passed onto them. Additionally, HB 695 will send the wrong message to the technology and business companies and will discourage them from investing and locating in Maryland.

Maryland would become an outlier if it advances this legislation as no other state imposes a targeted punitive tax on the gross revenue of digital advertising services. Maryland should consider lessons learned from other states who have considered similar measures. Arizona, Iowa, and Florida each passed broad advertising taxes years ago. Each state later repealed the tax because it hurt their local economy and was impossible to administer. Since 1987, when the Florida services tax was repealed, broad advertising taxes have been considered in more than 40 states and rejected in every instance.

In addition to hurting Maryland businesses and consumers, this tax is likely to face constitutional challenges under the Permanent Internet Tax Freedom Act ("PITFA") since this is a discriminatory tax on electronic commerce and also under the Commerce clause since taxing out-of-state and foreign companies more heavily than in-state businesses is constitutionally problematic. Lastly, HB 695 poses several administrative

and compliance challenges that make this law logistically problematic and unenforceable. If this were to overcome the significant administrative and legal/constitutional challenges and take effect, it would increase the cost of online advertising for all businesses, large and small, in Maryland.

For the above reasons we are strongly opposed to HB 695. Thank you in advance for your consideration on these matters, and please do not hesitate to reach out with any questions.

Sincerely,



Christina Fisher  
Executive Director, Northeast  
TechNet  
[cfisher@technet.org](mailto:cfisher@technet.org)  
508-397-4358