



# MARYLAND TECH COUNCIL

TO: The Honorable Anne R. Kaiser, Chair  
Members, House Ways and Means Committee  
The Honorable Alonzo T. Washington

FROM: Richard A. Tabuteau  
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DATE: February 28, 2020

RE: **OPPOSE** – House Bill 695 – *Digital Advertising Gross Revenues – Taxation*

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The Maryland Tech Council is a collaborative community, actively engaged in building stronger life science and technology companies by supporting the efforts of our individual members who are saving and improving lives through innovation. We support our member companies who are driving innovation through advocacy, education, workforce development, cost savings programs, and connecting entrepreneurial minds. The valuable resources we provide to our members help them reach their full potential making Maryland a global leader in the life sciences and technology industries. On behalf of MTC, we submit this letter of **opposition** for House Bill 695.

House Bill 695 imposes a tax on annual gross revenues derived from digital advertising services including advertisement services on a digital interface in the State. It also establishes a presumption that digital advertising services are provided in the State if the digital advertising services appear on a device of a user whose internet protocol address is in Maryland and who is known or reasonably suspected to be using the device in the State. The digital advertising gross revenues tax rate ranges from 2.5% of the assessable base for a person with global annual gross revenues of \$100 million through \$1 billion to upwards of 10% of the assessable base for a person with global annual gross revenues exceeding \$15 billion.

The Maryland Tech Council opposes House Bill 695 because it would hurt many of our over 450 life science and technology member companies developing innovative solutions that save, protect, and improve lives. Digital advertising is among the leading, if not, primary form of advertising for our members. It's important to remember, as with any sales/transaction tax, the economic burden of a tax will simply be passed on to Maryland businesses purchasing digital advertising thereby reducing their revenues and/or income. Currently, it is estimated that internet advertising providers would simply increase digital advertising prices by up to 10%. This economic burden may well flow down to the end-consumer who may experience higher prices for goods and services they purchase from the companies advertising on a digital interface. Lastly, history from Arizona, Iowa, and Florida suggests that this tax will likely hurt the Maryland economy and would be impossible to administer, which is likely the primary reason why no other state or locality in the United States has imposed such a tax.

For the foregoing reasons, the Maryland Tech Council urges the Senate Budget and Taxation Committee to give House Bill 695 an unfavorable report.

**For more information call:**

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