



**Maryland | Delaware | DC Press Association**

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To: Ways and Means Committee

From: Rebecca Snyder, Executive Director, MDDC Press Association

Date: March 2, 2020

Re: **HB 1628 – OPPOSE**

The Maryland-Delaware-District of Columbia Press Association represents a diverse membership of news media organizations, from large, metro dailies like the Washington Post and the Baltimore Sun, to hometown newspapers such as The Frederick News Post and the Hagerstown Herald Mail to publications such as The Daily Record, the Oakland Republican, and online-only publications such as Maryland Matters and Bethesda Beat.

The Press Association believes that advertising and marketing services should be exempt from the services tax. Advertising connects consumers to products and enables businesses to grow. **Taxing advertising services will choke economic growth.**

**Advertising expenditures account for \$101.5 billion of sales in Maryland.** That represents 14.6 percent of the \$693.1 billion in total economic output for the State, according to economic research for the media and advertising industries that applied an economic model developed by the 1980 Nobel Laureate for Economic Science, Dr. Lawrence R. Klein. The research further shows that sales of products and services driven by advertising help support 393,667 jobs – nearly 15 percent of the 2.6 million jobs in the State. When the cost of advertising goes up, there is less advertising, which leads to less consumer demand. Lower consumer demand reduces revenue, creates fewer jobs, slows the economy and reduces the tax's usefulness as a revenue source. **Maryland would join just South Dakota and New Mexico in taxing advertising services.**

In addition to everyday consumers, businesses and jobs would be dramatically affected by this legislation. The margins for advertising agencies are very small, and the industry is competitive. It would be very easy for clients to move their business out of state to avoid paying a 5% surcharge on services. Any diminishment of advertising services and advertising threatens local news media.

The members of Press Association are opposed to HB 1628 and ask for an unfavorable report.

**FACTS**

MDDCPRESS  
ASSOCIATION

**MATTER**

**We believe a strong news media is  
central to a strong and open society.**

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