



HB1200 Digital Advertising Gross Revenues Tax – Exemption and Restriction
Ways and Means Committee
February 26, 2021

Position: Unfavorable

Background: The exemptions and restrictions proposed by this bill would not shield small businesses from paying more for advertising as a result of the new digital advertising tax.

Comments: The retail industry opposed the digital advertising tax passed on the final day of the abbreviated 2020 Session, and supported Governor Hogan's veto of the bill. Though the tax targets large companies that generate very high revenue through hosting digital ads, there is great concern within the industry that the cost of the tax will be passed down to small businesses that rely on online advertising to drive sales. Particularly now that consumer shopping habits have shifted and the industry is prioritizing safety and relying on social media to reach customers, this is not the time to add additional operational costs and burdens.

The Maryland Retailers Association appreciates the intent of this bill and the attempts to shield the business community from the fallout of this historic new tax, but we cannot support this legislation. Ultimately, we believe that even if this bill were to pass, the companies targeted by the tax would still find a way to pass the costs on to those buying ads. This bill would prohibit the addition of explicit line items from referring to the digital advertising tax, but the legislature cannot stop advertising hosts from simply passing on the tax through increased base prices for ads.

Thank you for your consideration.