

February 24, 2021

The Honorable Anne R. Kaiser
Chair, Ways and Means Committee
House Office Building - Room 131
Annapolis, MD 21401

The Honorable Alonzo T. Washington
Vice Chair, Ways and Means Committee
House Office Building - Room 131
Annapolis, MD 21401

Re: House Bill 1200 Digital Advertising Gross Revenues Tax -- Exemption and Restriction (SUPPORT)

Dear Delegate Kaiser and Delegate Washington:

MPA – The Association of Magazine Media, the trade association of the magazine industry, respectfully submits the following written testimony in support of House Bill 1200. In particular, the HB 1200 provision that exempts news media entities from the digital advertising tax will effectively remedy the unintentional negative impact of HB 732 on journalism and media entities that provide essential media and journalism to Maryland communities.

MPA supports the definition of “news media entity” in HB 1200. The definition is tailored and narrow to cover only entities “*engaged primarily in the business of newsgathering, reporting, or publishing articles or commentary about news, current events, culture or other matters of public interest,*” which appropriately covers magazine media. Additionally, the definition provides flexibility to account for the diverse and rapidly evolving landscape of online journalism and media.

If HB 1200 is passed, we further urge the Legislature to explicitly direct the Office of the Comptroller to adhere to the definition provided in HB 1200 in developing its implementation guidelines for the digital advertising gross revenues tax.

MPA’s membership includes more than 500 magazine media brands that span a vast range of genres across print, digital, mobile and video media. Most of these brands depend on advertising across all media to support their newsgathering, reporting and publishing. Our members provide trusted, edited and curated content that informs, inspires and entertains more than 90 percent of all U.S. adults. Marylanders receive nearly 3.5 million magazine subscriptions, representing an average of 2.7 subscriptions per Maryland household. Our readers depend on our publications for reliable news and information – needed by society now more than ever. Further, magazines are an important part of the Maryland economy, and are part of the arts, sports and media industry that employs more than 32,000 people in Maryland. Over \$9 million total annual wages were paid to such industry employees in Maryland in 2019. In addition, the magazine industry supports thousands of indirect and induced jobs in Maryland.

Digital advertising revenue is particularly important at a time when many news and media outlets – including magazine publishers – have temporarily suspended paywalls to allow people access to information on breaking news events, including the current public health emergency.

MPA appreciates the Legislature’s recognition that the costs imposed by the digital advertising tax could jeopardize the viability of media and journalism outlets, harm local Maryland businesses, and forestall the economic recovery for the state, particularly in these trying times.

On behalf of the magazine media industry, MPA urges your favorable report on HB 1200.

Respectfully submitted,

Rita Cohen
Senior Vice President

Emily Emery
Director, Digital Policy

CC: Senate President Bill Ferguson
Delegate Eric G. Luedtke