



## MARYLAND GENERAL ASSEMBLY

### House Ways and Means Committee

#### Written Testimony of Timothy G. Nelson on behalf of the Maryland-DC-Delaware Broadcasters Association in support of Senate Bill 787

#### (Digital Advertising Gross Revenues Tax and Tobacco Tax – Alterations and Implementation)

Submitted March 23, 2021

The Maryland-DC-Delaware Broadcasters Association and its Members,<sup>1</sup> which include approximately 35 television stations and 175 radio stations, continue to enthusiastically support Senate Bill 787, “Digital Advertising Gross Revenues Tax and Tobacco Tax – Alterations and Implementation,” and urge the Committee to report it favorably.<sup>2</sup>

Broadcasters and newspapers were never the intended targets of the Digital Advertising Tax legislation that is a part of House Bill 732, which both Chambers approved in February in votes overriding Governor Hogan’s veto. As written, however, House Bill 732 directly subjects many broadcasters and news media entities to the Digital Advertising Tax.

Senate Bill 787 (and companion legislation House Bill 1200, sponsored by House Majority Leader Eric Luedtke) clarifies the intent and scope of House Bill 732 by ensuring that advertising services on digital interfaces (such as websites and apps) owned and operated by broadcast stations and other news media entities are not subject to the Digital Advertising Tax.

In remedying inadvertent, unintended consequences of House Bill 732, Senate Bill 787 (as amended) demonstrates support for and recognizes the importance and value of objective, accurate, trusted local journalism in Maryland.

MDCD’s Member Stations provide critical news, weather, traffic, and health and emergency information both on-air and online. They also participate in and sponsor events in the very communities in which their employees live and work, and our Stations run countless hours of free, public service announcements on topics of critical importance to their viewers and listeners. Each broadcast Station licensed by the Federal Communications Commission is required to operate in and serve the public interest. MDCD’s Member Stations embrace that mandate.

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<sup>1</sup> The Maryland-DC-Delaware Broadcasters Association is a voluntary, non-profit trade association that advocates for the interests of its member radio and television stations and, more generally, the interests of broadcasting in Maryland, Delaware, and Washington, D.C.

<sup>2</sup> On February 24, 2021, MDCD submitted testimony to this Committee in support of House Bill 1200, the companion legislation to SB 787; Association counsel also testified before this Committee in support of HB 1200 on February 26, 2021.

Yet local broadcasters face significant challenges as they aim to fulfill their unique, public-service driven role in their local communities, many of them financial. Local television and radio stations provide their over-the-air services free to the public. They fund their on-air and digital operations through advertising, much of it coming from small, locally owned businesses. But radio and television station ad revenues have been declining sharply for years, at the same time that a handful of giant digital platforms have come to dominate the advertising marketplace. Those platforms negatively impact local broadcasters from a competitive standpoint, diverting advertisers and critical revenues away from the broadcasters and news media entities that produce accurate, trusted, objective, local journalism.

In clarifying that local media, including broadcasters, were never intended to be and will not be subject to the Digital Advertising Tax on certain gross revenues derived from digital advertising services in Maryland, Senate Bill 787 recognizes the unique and vital role that local media plays in Maryland's communities, large and small. The Maryland-DC-Delaware Broadcasters Association thanks you for your consideration of Senate Bill 787, as amended, and urges the Committee to report it favorably.

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