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March 3, 2025

The Honorable Guy Guzzone
Chair
Senate Budget and Taxation Committee
Maryland Senate
3 West Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

RE: SB 904 (Hester) - Data Brokers - Registry and Gross Income Tax (Building Information Guardrails Data Act of 2025) – Unfavorable

Dear Chair Guzzone and Members of the Committee,

On behalf of TechNet, I'm writing to share concerns on SB 904, a new tax to be imposed on a broad swath of businesses operating in Maryland.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.5 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance. TechNet has offices in Austin, Boston, Chicago, Denver, Harrisburg, Olympia, Sacramento, Silicon Valley, Tallahassee, and Washington, D.C.

Our member companies consistently place a high priority on consumer privacy, and the technology industry is committed to privacy and security. Last session and in prior years, TechNet actively participated in the stakeholder process on the Maryland comprehensive privacy law. However, we are concerned about SB 904 for several reasons.

In our view, this bill is overbroad. As defined, a data broker appears to include any business that collects data, which would effectively encompass nearly all businesses. The definitions are difficult to interpret because the definition of "Data Brokering" appears inconsistent with the definition of "Brokered Personal Data". Moreover, each of these terms use other terms that remain undefined in the bill, such as "sale". Additionally, many of the terms in SB 904 do not match up with the Maryland Online Data Privacy Act. For example, SB 904 references "Biometric Information" while the Maryland privacy law references "Biometric Data", and the

two definitions differ. Additionally, the two frameworks take different approaches to defining covered "Personal Data".

The bill contains several exemptions, but they also do not align with the state's privacy law, which creates conflicting requirements. The bill also does not have an exemption for fraud detection and prevention. Fraud abatement is a common use case for purchasing customer data. Taxing a business for buying data creates perverse incentives and discourages fraud prevention efforts.

Should this bill advance, we believe that the state, a unit of the state, local governments, and/or a business entity doing work with the state should also be subject to SB 904's requirements under the public registry provision to ensure a level playing field. Governments have a vast amount of consumer data and should be subject to similar regulations.

Finally, TechNet works to ensure that tax structures create a level-playing field for all products and service providers, both technology players as well as others, and do not disadvantage a specific subsector. Imposing a new tax on a broad range of businesses operating in Maryland that use data will ultimately stifle innovation in the state. Many businesses rely on consumer data for advertising, fraud detection, and customer analytics. Further, this tax would be imposed on top of Maryland's existing Digital Advertising Gross Revenues Tax and Maryland's corporate income tax, creating a triple tax burden on digital businesses that use consumer data for digital advertising. Businesses subject to this tax would likely pass on the cost of the tax ultimately to Maryland consumers for goods and services.

Data providers benefit the public and government by providing valuable and cost-effective access to data, which provide value-added services. Data providers help with public safety, reduce costs, and facilitate commerce. For the above-stated reasons, TechNet is opposed to SB 904. Thank you for your consideration of our concerns and please don't hesitate to reach out with any questions.

Sincerely,



Margaret Durkin
TechNet Executive Director, Pennsylvania & the Mid-Atlantic