

KATIE FRY HESTER
Legislative District 9
Howard and Montgomery Counties

Education, Energy, and
Environment Committee

Chair, Joint Committee on
Cybersecurity, Information Technology
and Biotechnology



Annapolis Office
James Senate Office Building
11 Bladen Street, Room 304
Annapolis, Maryland 21401
410-841-3671 · 301-858-3671
800-492-7122 Ext. 3671
KatieFry.Hester@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB904 - Registry and Gross Income Tax (Building Information Guardrails Data Act of 2025)

March 5, 2025

Chair Guzzone, Vice-Chair Rosapepe, and Members of the Budget and Taxation Committee.

Thank you for your consideration of Senate Bill 904 - the Building Information Guardrails (BIG) Data Act of 2025. This legislation offers an innovative approach to addressing our budget shortfalls, while imposing a necessary fee on those that are buying and selling our personal data.

Last year, Maryland took a significant step forward in addressing data privacy for both children and the public by passing the Maryland Kids Code and the Online Data Privacy Act. These laws established critical guardrails to regulate how corporations collect and use personal data. However, companies continue to generate millions—if not billions—annually by harvesting user data without consent. SB 904 builds on our progress by creating a registry so we can hold these companies accountable.

Data brokers, companies that collect, analyze, and sell personal data, have built a lucrative industry by buying and selling individual information. While these firms profit immensely, they fail to contribute their fair share to Maryland in return. A recent example highlights the danger of this unregulated industry: in 2023, the Federal Trade Commission (FTC) sued data broker Kochava Inc. for selling highly sensitive geolocation data from millions of mobile devices.¹ This data enabled third parties to track individuals to locations such as:

- 1) Reproductive health clinics
- 2) Places of worship
- 3) Homeless and domestic violence shelters, and
- 4) Alcoholics Anonymous and addiction recovery centers

This case exposed the harsh reality that data brokers are no longer collecting just names and addresses; they are harvesting and monetizing every available piece of data, often without the

¹ Stephanie T. Nguyen, "FTC V Kochava, Inc.," Federal Trade Commission, July 15, 2024, <https://www.ftc.gov/legal-library/browse/cases-proceedings/ftc-v-kochava-inc>.

consumer's knowledge. While the FTC took action against Kochava, the case did not prevent other data brokers from engaging in similar exploitative practices. Maryland must act to hold these companies accountable and ensure they contribute to the communities from which they profit.

SB 904 addresses these issues by ensuring companies in the data industry share responsibility for supporting our state's needs, particularly in the areas of education, consumer protection, and economic growth.² The 6% tax on data brokers' profits will generate significant revenue, which will go directly to establish a new Privacy Protection and Enforcement Unit in the Office of the Attorney General, fund the Blueprint, the Consortium for Coordinated Community Supports, and more. This is in line with other Business-to-Business taxes that Maryland has implemented, which include raw manufacturing materials, information services, and Software-as-a-Service models.³

Currently, there is no federal law regulating data brokers, but states like Vermont and California have already started to take action. Vermont and California require data brokers to register and disclose their data collection practices, while Washington has proposed a 1.8% tax on data brokers' profits.⁴ Maryland has the chance to lead on this issue and ensure our residents, rather than just corporations, benefit from the revenues generated by data brokers.

SB0904 achieves this by:

- 1. Creating a Data Broker Registry**

- a. Mandates annual registration with the Comptroller for all data brokers operating in Maryland.
- b. Requires the Comptroller to make registry data of data collection and sales practices available to the public.
- c. Establishes penalties for non-compliance, ensuring transparency and accountability.

- 2. Imposing a 6% tax on data broker profits.**

- a. In 2024, data brokers generated approximately \$284.2 billion in revenue. Assuming that 2% of the industry operates in Maryland, a 6% tax on \$5.7 billion will generate roughly \$342M for our State. With the industry growing at a rapid rate of 7.5% each year, by 2034, this tax could bring in an estimated \$703 million annually for the State.⁵

² Building Information Guardrails Data Act of 2025, S.B. 409

³ Tax Foundation, October 2023,

<https://docs.google.com/presentation/d/1DEdT-uLaM07xgnxWkv3pyXeHlIXo7MNY/edit#slide=id.p19>

⁴ Gemma Galdon Clavell, "Data Brokerage Tax," Ashoka's Tech & Humanity Initiative, March 2023,

https://www.next-now.org/sites/default/files/2023-03/Data%20brokerage%20tax_0.pdf

⁵ Garvit Vyas, "Data Broker Market Overview," Market Research Future, March 2025,

<https://www.marketresearchfuture.com/reports/data-broker-market-11676>

- b. This bill allocates the greater of 0.75% of the profits or \$2.5 million each to key programs, including:
 - i. The Privacy Protection and Enforcement Unit, which will enforce state and federal laws including technology, online services and products, cybersecurity, and artificial intelligence. It will also educate consumers on their rights and strategies for protecting their privacy and security, as well as assisting local, state, and federal agencies in protecting the interests of consumers regarding privacy- and cybersecurity-related issues;
 - ii. The Major Information Technology Development Project (MITDP) Fund for expedited AI-related projects;
 - iii. Maryland Public Television's Digital Literacy Support for K-12 students.
- c. Directs the greater of 35% of the profits or \$130 million to the Consortium for Community Supports Partnership Fund in the Blueprint to strengthen Maryland's education system.
- d. The remaining funds will support the Blueprint General Fund.

As technology continues to evolve, and as artificial intelligence increasingly relies on vast amounts of personal data, the risks to consumer privacy will only grow. Without action, Marylanders could face greater exploitation and security risks. SB 904 provides a necessary and reasonable step to protect consumers, create transparency, and generate funding for critical state programs. **For these reasons, I am requesting a favorable report on SB 904.**

Sincerely,



Senator Katie Fry Hester
Howard and Montgomery Counties