

SB0904_MHAMD_Fav.pdf

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Position: FAV

**Senate Bill 904 – Data Brokers – Registry and Gross Income Tax
(Building Information Guardrails Data Act of 2025)**

Senate Budget and Taxation Committee

March 5, 2025

Position: FAVORABLE

Mental Health Association of Maryland (MHAMD) is a nonprofit education and advocacy organization that brings together consumers, families, clinicians, advocates and concerned citizens for unified action in all aspects of mental health and substance use disorders (collectively referred to as behavioral health). We appreciate the opportunity to provide this testimony in support of SB 904.

Among other things, SB 904 would require certain data brokers to pay a tax on their gross income. The bill names the Coordinated Community Supports Partnership Fund as the recipient of 35% of the revenue generated, or \$120 million, whichever is greater.

MHAMD supports this legislation because of the significant funding it would provide to the Coordinated Community Supports Partnership Fund, which is administered by the Consortium on Coordinated Community Supports. Established by the Blueprint legislation, the Partnership Fund is to be used to provide services and supports in schools to meet the behavioral health needs of students. Current funding for the Partnership Fund is at risk – the BRFA proposes to cut the fund from \$130 million per year to \$40 million per year beginning in FY26.

Yet the need for mental health care that addresses the unique needs of young Marylanders has never been greater. Data from the Youth Risk Behavior Survey of 2022-23 shows that 28% of Maryland high school students reported that their mental health was not good most of the time or always, and 24% of middle school students reported that they had seriously considered suicide.¹ Over the past decade, in the face of this rising need, Maryland has seen a marked decline in the availability of services and supports for youth with mental health and substance use conditions.

With dollars from the Partnership Fund, the Consortium has made significant progress in addressing this shortage. Last year the Consortium awarded \$111 million to 129 grantees in all of Maryland's jurisdictions. Grantees provided a range of behavioral health services, from prevention and early intervention to treatment for youth with more serious concerns. Consortium grantees served more than 58,000 students in just six months in 2024. They added

¹ Maryland Department of Health releases 2022-2023 Youth Risk Behavioral Survey and Youth Tobacco Survey data. Maryland Department of Health. June 25, 2024.

<https://health.maryland.gov/phpa/ccdpc/Reports/Pages/YRBS-2022-2023.aspx>

475 new behavioral health workforce members, and they trained 1,185 school staff in behavioral health practices.

Outcomes have been outstanding. Of students receiving early intervention services, 77% demonstrated improvement in behavioral health outcomes, and of those receiving intensive services, 70% demonstrated improvement in behavioral health outcomes. Ninety percent of students and families reported satisfaction with the behavioral health services they received.²

Because of the dramatic need for school-based behavioral health services and because of the overwhelming success of Consortium grantees, it is critical that the Coordinated Community Supports Partnership Fund continue to thrive. The dollars that SB 904 would bring to the fund are urgently needed, therefore we urge a favorable report.

² Consortium on Coordinated Community Supports Statewide Impact Report. March-October 2024.
https://health.maryland.gov/mchrc/Documents/002%20-%20MD%20Consortium%20Documents%20%26%20Info/03%20-%20January%202025/Impact%20Report_010925%20%284%29.jpg

SB904-EPIC-fav-Mar2024.pdf

Uploaded by: Caitriona Fitzgerald

Position: FAV

March 3, 2025

The Honorable Guy Guzzone
Senate Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

Dear Chair Guzzone and Members of the Committee:

EPIC writes in support of SB 904, the Building Information Guardrails Data Act of 2025. The data broker industry builds profiles on millions of Americans at great cost to our privacy, civil rights, national security, and democracy.¹ States should be doing all they can to make data brokering as limited as possible, and Maryland made great strides towards that with the passage of the Maryland Online Data Privacy Act last year, which banned the sale of sensitive data and limited the amount of data companies can collect about us. To further protect consumers from the harms of data brokers, the Committee should consider amending SB 904 to give Marylanders the ability to use a centralized deletion mechanism to express their preference to data brokers that they want their data deleted. Together, these protections are critical to cut down on data brokers' harmful practices as the state considers tying data brokers' income to critical government services.

The Electronic Privacy Information Center (EPIC) is an independent nonprofit research organization in Washington, DC, established in 1994 to protect privacy, freedom of expression, and democratic values in the information age.² EPIC has a long history of advocating for safeguards and rules to limit the harms caused by data brokers.³

¹ See e.g. Dell Cameron, Dhruv Mehrotra, *Google Ad-Tech Users Can Target National Security 'Decision Makers' and People With Chronic Diseases*, WIRED (Feb. 20, 2025), <https://www.wired.com/story/google-dv360-banned-audience-segments-national-security/>; Justin Sherman et al., *Data Brokers and the Sale of Data on U.S. Military Personnel*, (Nov. 2023), <https://techpolicy.sanford.duke.edu/wp-content/uploads/sites/4/2023/11/Sherman-et-al-2023-Data-Brokers-and-the-Sale-of-Data-on-US-Military-Personnel.pdf>.

² EPIC, *About EPIC*, <https://epic.org/about/>.

³ EPIC, *FCRA Rulemaking: A Path to Reining in Data Brokers*, (2024) <https://epic.org/documents/fcra-rulemaking-a-path-to-reining-in-data-brokers/>; EPIC Comments to DOJ Regarding ANPRM on Access to Americans' Bulk Sensitive Personal Data and Government Related Data by Countries of Concern (Apr. 19, 20224), <https://epic.org/documents/epic-comments-to-doj-regarding-anprm-on-access-to-americans-bulk-sensitive-personal-data-and-government-related-data-by-countries-of-concern/>; EPIC, *Data Broker Threats: National Security* (2024), <https://epic.org/wp-content/uploads/2024/05/Data-Broker-One-Pager-National-Security-2.pdf>; EPIC, *CFPB Fair Credit Reporting Act Rulemaking* (2024), <https://epic.org/cfpb-fair-credit-reporting-act-rulemaking>.

Thousands of data brokers in the United States buy, aggregate, disclose, and sell billions of data elements on Americans with virtually no oversight. As the data broker industry proliferates, companies have enormous financial incentives to collect consumers' personal data, while data brokers have little financial incentive to protect consumer data. For these companies, consumers are the product, not the customer. Companies also maintain information about consumers that is often inaccurate, wrongfully denying them credit, housing, or even a job.

Data brokers collect and aggregate many types of personal information: names, addresses, telephone numbers, e-mail addresses, gender, age, marital status, children, education, profession, income, political preferences, religion, sexual orientation, race, ethnicity, and cars and real estate owned. Data brokers also collect information on an individual's purchases, where they shop, and how they pay for their purchases. In addition, data brokers collect health information, the sites we visit online, and the advertisements we click on. And thanks to the proliferation of smartphones and wearables, data brokers collect and sell real-time location data, including data that reveals visits to churches, mosques, and synagogues; medical facilities; substance abuse disorder and addiction recovery centers; domestic violence shelters; children's schools; and even military bases. The sale of whereabouts and location data enables stalking, gendered violence, and threats to public officials, too.

A. Marylanders Should Be Able to Tell Data Brokers to Delete Their Data

To further protect consumers from the harms of data brokers, the Committee should consider amending the bill to give Marylanders the ability to use a centralized deletion mechanism to express their preference to data brokers that they want their data deleted. California passed a similar law, the DELETE Act, in 2023.⁴ Delete Act provisions would make it simple for Marylanders who do not want their information collected, sold, or retained by data brokers to express this preference. It would require the state to create a website providing access to a universal deletion mechanism that allows consumers, via single request, to delete their personal information from every data broker that has collected it. The California Privacy Protection Agency is currently developing the system to implement California's DELETE Act and has indicated that it will make the system available to other states who are interested, cutting down on Maryland's implementation costs considerably.

We would be happy to work with the Committee to suggest language to give Marylanders' the right to express their preferences to data brokers.

B. Data Broker Registry Currently Lacks Enforcement Mechanism

EPIC would also suggest that the Committee amend the bill to ensure the data broker registry is complied with. Currently, SB 904 contains no penalty for data brokers who fail to register. States

⁴ Thomas Germain, *California's New Delete Act Is One of the World's Most Powerful Privacy Laws*, Gizmodo (Oct. 11, 2023), <https://gizmodo.com/governor-newsom-signs-delete-act-into-law-1850918011>.

who have previously passed data broker registries have a chronic problem with under-registration.⁵ Just this week, the California Privacy Protection agency brought an enforcement action against National Public Data, a Florida-based data broker, for failing to register and pay an annual fee as required by California law.⁶ Last year, National Public Data was breached, exposing the personal data of 2.9 billion people, including Social Security Numbers.⁷ Most of that breached information has been published for free online.

Maryland will have a difficult time determining data brokers who are required to file a data broker gross income tax return if they do not register in the first place. The Committee should amend SB 904 to include penalties for failure to register, as other states have done.

* * *

EPIC encourages the Committee to ensure that Maryland is doing all it can to cut down on data brokers' harmful practices before it taxes data brokers' income to fund critical government services. The addition of DELETE Act provisions and penalties for non-registration will build on the protections in the Maryland Online Data Privacy Act to protect Marylanders from the harms of data brokers.

Thank you for the opportunity to speak today. EPIC is happy to be a resource to the Committee on these issues.

Sincerely,

/s/ Caitriona Fitzgerald

Caitriona Fitzgerald
EPIC Deputy Director

⁵ Suzanne Smalley, *Delete-your-data laws have a perennial problem: Data brokers who fail to register*, The Record (Oct. 17, 2023), <https://therecord.media/state-data-broker-registries-california-vermont>.

⁶ Press Release, Cal. Priv. Protection Agency, *CPPA Brings Enforcement Action Against Florida Data Broker* (Feb. 20, 2025), <https://cppa.ca.gov/announcements/2025/20250220.html>.

⁷ Jon Healey, *Hackers may have stolen the Social Security numbers of every American. Here's how to protect yourself*, L.A. Times (Aug. 13, 2024), <https://www.latimes.com/business/story/2024-08-13/hacker-claims-theft-of-every-american-social-security-number>.

SB0904 Hester Testimony.pdf

Uploaded by: Katie Fry Hester

Position: FAV

KATIE FRY HESTER
Legislative District 9
Howard and Montgomery Counties

Education, Energy, and
Environment Committee

Chair, Joint Committee on
Cybersecurity, Information Technology
and Biotechnology



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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

SB 904 Data Brokers - Registry and Gross Income Ta

Uploaded by: Brandon Floyd

Position: FWA

TO: The Honorable Guy Guzzone, Chair
Budget and Taxation

SB904
**Favorable with
Amendments**

FROM: Brandon Floyd
Associate Director, Maryland Government Affairs

DATE: March 5, 2025

RE: SB904 Data Brokers - Registry and Gross Income Tax (Building Information Guardrails Data Act of 2025)

Johns Hopkins supports with amendments **SB904 Data Brokers - Registry and Gross Income Tax (Building Information Guardrails Data Act of 2025)**. This bill mandates the creation of a data broker registry, requiring data brokers to register annually with the Comptroller and imposes a 6% tax on their gross income. The bill defines “data broker” as any business entity that engages in data brokering and also defines “data brokering” as the act of collecting, aggregating, analyzing, buying, selling, and sharing brokered personal data.

Johns Hopkins is a world-renowned research institution known for its innovative faculty, collaborative culture, and groundbreaking research. Research conducted at Hopkins’ facilities can be credited with discoveries ranging from water purification, genetic engineering, healthy dietary and nutritional substitutes, and mechanical engineering advancements, among others. Notably, Johns Hopkins Data Science Lab conducts research in machine learning, statistics, and artificial intelligence—which, most recently, was awarded for innovative developments in cancer research. This research, and data subsequently developed from research, has been used to improve health, wellness, access, and living conditions across the world. Johns Hopkins continue to shape the future through data.

In general, we support the bill sponsor’s efforts to increase transparency about data brokers for consumers. We also support opportunities to fund the new Privacy Protection and Enforcement Unit; however, we are concerned that the tax and registration requirements will apply to entities, like research institutions, who are not engaged in traditional data brokering and are not profiting off of those activities. For example, the Johns Hopkins Research Data Repository provides free data archiving, curation services, as well as access management on archived data. The repository is designed to grant free access to both private and public entities interested in using catalogued data for future research. Pursuant to the bill, Hopkins would be subject to a 6% gross income tax for “brokering” data while offering free access to data.

To that end, we believe the definition of data brokering is too broad and would negatively impact data licensing at our institution. Hopkins research centers would need to register as a data broker, pay additional fees, and be subject to other onerous requirements which are unduly burdensome from an entity not profiting from data activity.

We are concerned that the definition of data brokering, data broker, and personal data, as written, lacks clarity and have attached amendments for this committee’s consideration.

Accordingly, Johns Hopkins respectfully requests a **FAVORABLE WITH AMENDMENTS** committee report on **SB 904**.

We propose the following amendments, in line with the above:

SB 904 Proposed Amendments

7.3—101.

1. (G) “DATA BROKERING” MEANS THE ACT OF COLLECTING, AGGREGATING, ANALYZING, ~~BUYING~~, SELLING, AND SHARING BROKERED PERSONAL DATA ~~FOR A PROFIT~~.
2. (G) “DATA BROKERING” MEANS THE ACT OF ~~COLLECTING, AGGREGATING, ANALYZING, BUYING~~, SELLING, AND SHARING BROKERED PERSONAL DATA.
3. (F) (1) “DATA BROKER” MEANS ANY BUSINESS ENTITY THAT ENGAGES IN DATA BROKERING ~~OF AT LEAST 10,000 MARYLAND CONSUMERS AND DERIVE OVER 20 PERCENT OF GROSS REVENUE FROM THE SALE OF PERSONAL DATA~~.

7.3—101.

(F) (2) “DATA BROKER” DOES NOT INCLUDE:

·
·

- (iii) AN INSTITUTION OF HIGHER EDUCATION; OR
- (iv) A NONPROFIT CORPORATION

7.3—101.

(J) (2) “PERSONAL DATA” DOES NOT INCLUDE DE-IDENTIFIED DATA ~~OR~~, PUBLICLY AVAILABLE INFORMATION, ~~OR ANY OTHER INFORMATION AND DATA EXEMPT FROM BEING SUBJECT TO COMMERCIAL LAW TITLE 14, SUBTITLE 46 (ONLINE DATA PRIVACY ACT)~~.

SB904_NICB_DeCampos_FWA.pdf

Uploaded by: Eric De Campos

Position: FWA



March 3, 2025

The Honorable Guy Guzzone and Members of the Committee
Senate Budget and Taxation Committee
Maryland Senate

RE: SB 904 – Data Brokers

Dear Chair Guzzone and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in Maryland. Working hand-in-hand with our member companies and Maryland state and local law enforcement, we help to detect, prevent, and deter insurance crimes, including vehicle and catalytic converter theft.

While NICB provides value to our member companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance crime causes to individual policy holders across the country every year. Maryland recently acknowledged the benefit we serve by wholly exempting NICB from the Maryland Online Data Privacy Act of 2024. As Maryland takes up the issue of “data brokers,” we respectfully seek the same protection of our vital work to protect Marylanders from crime and fraud.

Senate Bill 904 would establish a framework for registering and taxing “data brokers” in Maryland, among other measures. NICB is concerned that, unless amended, the bill would have the unintended consequence of impeding NICB’s anti-fraud efforts—including our information sharing with law enforcement and other partners within the anti-fraud ecosystem—and our ability to fulfill the significant public benefit we provide to policyholders in Maryland. NICB is not a “data broker,” nor do we sell data. However, if NICB were unnecessarily captured by this bill’s current language (which includes the “sharing” of information), NICB’s ability to coordinate timely anti-fraud information between and among law enforcement and other partners—and the further prospect of being taxed in Maryland for our nonprofit work—would be undermined.

To ensure that our anti-fraud work can proceed unabated, **NICB respectfully seeks an amendment to SB 904 at section 7.3-101(F)(2) to exempt NICB as an entity, just as we are exempted in the Maryland Online Data Privacy Act.** Consistent with that Act, we propose the following language for consideration:

(2) “DATA BROKER” DOES NOT INCLUDE:

(III) A NONPROFIT ORGANIZATION THAT IS ORGANIZED FOR THE PURPOSES OF ASSISTING:

- 1. LAW ENFORCEMENT AGENCIES IN INVESTIGATING CRIMINAL OR FRAUDULENT ACTS RELATING TO INSURANCE; OR**
- 2. FIRST RESPONDERS IN RESPONDING TO CATASTROPHIC EVENTS.”**



We thank you for considering our views as you deliberate the merits of this bill. We strongly encourage you to utilize NICB as a resource and partner in the fight against insurance crime. If you have any questions or need additional information, please contact me at edecampos@nicb.org or 847.989.7104.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric M. DeCampos", with a long horizontal flourish extending to the right.

Eric M. DeCampos
Senior Director
Strategy, Policy and Government Affairs
National Insurance Crime Bureau

SB 904 CPD Favorable with Amendment.pdf

Uploaded by: Hanna Abrams

Position: FWA



CAROLYN A. QUATTROCKI
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HANNA ABRAMS
Assistant Attorney General

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL

ANTHONY G. BROWN
Attorney General

March 5, 2025

TO: The Honorable Guy Guzzone, Chair
Budget and Taxation Committee

FROM: Hanna Abrams, Assistant Attorney General

RE: Senate Bill 904– Data Brokers – Registry and Gross Income Tax (Building Information
Guardrails Data Act of 2025) (SUPPORT WITH AMENDMENT)

The Consumer Protection Division of the Office of the Attorney General supports Senate Bill 904 (“SB 904”), sponsored by Senators Hester, Ferguson, Love, Gile, Jackson, and Rosapepe with amendments. Senate Bill 904 creates a data broker registry and tax and establishes a Privacy Protection and Enforcement Unit in the Consumer Protection Division of the Office of the Attorney General.

Privacy Protection and Enforcement Unit

Senate Bill 904 creates a Privacy Protection and Enforcement Unit. In 2024, the General Assembly passed two privacy/tech related statutes: the Maryland Online Data Privacy Act (“MODPA”) and the Maryland Age-Appropriate Design Code. The sole enforcement mechanism provided in those statutes is the Office of the Attorney General; there is no private right of action. This session the legislature is considering significant legislation to regulate artificial intelligence, algorithms, and other technologies.

The Office of the Attorney General needs staff with specialized knowledge of technology and the technology industry to protect Marylanders from privacy harms. Without resources, these statutes will remain hollow rather than provide the robust protections the legislature intended. The Office’s staffing needs were crafted considering the unit’s enforcement and education responsibilities as well as headcounts in privacy units in states that have already enacted comprehensive privacy legislation and are similar in size to Maryland.

Amendments

The Division believes that the following amendment to SB 904 is warranted:

- Page 4, line 1 should be amended to read: “(i) The Maryland Online Data Privacy Act; (ii) the Maryland Personal Information Protection Act; (iii) the Maryland Age-Appropriate Design Code Act”

It should also be noted that although “brokered personal data” is defined to include categorizing or organizing for sale or licensing to another entity “biometric information,” MODPA prohibits the sale of biometric data. Commercial Law Article § 14-4607.

Accordingly, we urge the Finance Committee to issue a favorable report on SB 904 with the amendments discussed.

cc: Members, Budget and Taxation Committee
The Honorable Katie Fry Hester
The Honorable Bill Ferguson
The Honorable Sara Love
The Honorable Dawn D. Gile
The Honorable Michael A. Jackson
The Honorable Jim Rosapepe

SB 904 CPD Favorable with Amendment.pdf

Uploaded by: Hanna Abrams

Position: FWA



CAROLYN A. QUATTROCKI
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CARRIE J. WILLIAMS
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ZENITA WICKHAM HURLEY
Chief, Equity, Policy, and Engagement

WILLIAM D. GRUHN
Division Chief

PETER V. BERNS
General Counsel

CHRISTIAN E. BARRERA
Chief Operating Officer

HANNA ABRAMS
Assistant Attorney General

**STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL**

ANTHONY G. BROWN
Attorney General

March 5, 2025

TO: The Honorable Guy Guzzone, Chair
Budget and Taxation Committee

FROM: Hanna Abrams, Assistant Attorney General

RE: Senate Bill 904– Data Brokers – Registry and Gross Income Tax (Building Information
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Accordingly, we urge the Budget and Taxation Committee to issue a favorable report on SB 904 with the amendments discussed.

cc: Members, Budget and Taxation Committee
The Honorable Katie Fry Hester
The Honorable Bill Ferguson
The Honorable Sara Love
The Honorable Dawn D. Gile
The Honorable Michael A. Jackson
The Honorable Jim Rosapepe

Support with Amendment_ CRISP_ SB 904_2025.pdf

Uploaded by: Nichole Sweeney

Position: FWA



February 27, 2025
The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

Dear Chair Guzzone –

On behalf of the Chesapeake Regional Information System for our Patients (CRISP), the designated health information exchange (HIE) and health data utility (HDU) for Maryland, I am writing to express our concern for SB 904 *Data Brokers – Registry and Gross Income Tax (Building Information Guardrails Data Act of 2025)*. Although we generally support the bill and data privacy, we are concerned that good actors already regulated by other federal and state laws may be unnecessarily swept up in this bill.

The bill exempts “consumer reporting agencies” and “financial institutions . . . to the extent [they are] subject to regulation” adopted under certain laws. The bill does not mention, however, data and entities regulated under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Such entities and data are highly regulated and already restricted in selling data. We believe that, in general, these entities and data would not be included in the definition of “data brokering,” provided they do not sell such data, but believe the bill needs to be clearer. Otherwise, entities, such as CRISP, who are regulated under HIPAA and analyzing and aggregating data to ensure patient safety and promote public health, may be unintentionally included in the bill. Including them in this bill may disincentivize data analysis and aggregation that is necessary to ensure patient safety and respond to public health emergencies.

Therefore, we support this bill, but request that, just as consumer reporting agencies and financial institutions subject to regulation are specifically exempted, so too should the bill exempt a covered entity or business associate of a covered entity as defined by HIPAA. **Specifically, we request that a section (III) be added to §7.3-101(F)(2) to read:**

“A covered entity or business associate of a covered entity as defined by the Health Insurance Portability and Accountability Act of 1996.”

As a strong proponent of patient consent and privacy, CRISP supports the overall intent of this bill; however, since covered entities and their business associates are already highly regulated by HIPAA, we believe that, similar to the carve-outs for financial institutions subject to privacy regulations, the concerns this bill seeks to mitigate are addressed in HIPAA, without disincentivizing the type of data analysis critical to patient safety and the overall promotion of public health.

Thank you for your consideration and the opportunity to express our concerns regarding the current language in SB 904.

Best,



Nichole Ellis Sweeney, JD
CRISP General Counsel and Chief Privacy Office

SB904_UNF_MHLA Final.pdf

Uploaded by: Amy Rohrer

Position: UNF

MHILA
Maryland Hotel
Lodging Association

Testimony in Opposition to SB 904

Data Brokers - Registry and Gross Income Tax (Building Information Guardrails Data Act of 2025)

Budget and Taxation & Senate Finance Committees – March 5, 2025

SB 904 would impose a 6% tax on the gross income of a data broker and distribute the revenue to several special funds (after deductions for administrative costs).

We are weighing in with concern since the proposed definitions of "data broker" and "data brokering" are excessively broad and risk capturing entities far beyond the intended target. These definitions are dramatically different from those established in other state laws, and they would impact businesses that collect data for legitimate purposes from consumers with whom they have a direct relationship. In fact, SB 904 does not even require data to be transferred to a third-party in order for a business to be considered a data broker.

As currently written, this bill will create confusion and compliance challenges for businesses that share data amongst affiliates, individual operating units, or partner entities. This overreach will create significant compliance costs for businesses of all sizes, stifle innovation, and ultimately harm consumers by limiting access to valuable services.

The proposed tax associated with this legislation will presumably be combined with Maryland's existing corporate income tax, effectively implementing a double taxation scheme. Businesses are already taxed on their revenue and profits. Imposing an additional tax specifically on data-related activities creates an unfair and punitive tax burden. This double taxation will stifle growth and investment in the data-driven economy. It will make this state less competitive for data-centric businesses and will create an unfair burden for companies that rely on data for legitimate business functions.

We believe that the goals of data privacy and transparency can be achieved through more targeted and nuanced legislation. We respectfully request an unfavorable report in its current form and urge the committee towards a balanced and effective approach to data privacy that protects consumers without stifling innovation and harming businesses.

For these reasons, we request an unfavorable report on SB 904.

Respectfully submitted,
Amy Rohrer, President & CEO

2025 ANA - ADO Maryland Deb Peters Testimony.pdf

Uploaded by: Deb Peters

Position: UNF

Good afternoon, Chairman & Members of the Senate Finance Committee,

My name is Deb Peters. I am a former South Dakota State Senator, past President of the National Conference of State Legislatures, and a CPA with extensive experience in State Tax Law. I played a key role in the U.S. Supreme Court decision South Dakota vs. Wayfair.

Today, I am here representing Americans for Digital Opportunity, powered by the Association of National Advertisers, in opposition to Senate Bill 904, the Data Broker's Registry & Gross Income Tax.

As written this bill seeks to punish large corporations who collect, aggregate, analyze, buy, sell or even share data. Instead, it will harm ALL businesses, nonprofits, universities, and political campaigns.

Key concerns include:

- **Double taxation:** SB 904 adds another income tax on top of the state's corporate income tax.
- **Administrative burden:** This bill is an administrative nightmare for both the companies attempting to comply as well as for the administration to administer such a tax. The fluid nature of data makes compliance and enforcement impractical and unenforceable.
- **Small business impact:** Data brokers help smaller companies compete with larger ones through cost-effective marketing. Increased costs will reduce economic growth, corporate tax receipts, and sales tax revenue.
- **Political & nonprofit impact:** Campaigns and nonprofits rely on data brokers to connect with voters, donors, and volunteers.

The FTC has emphasized that the free flow of digital information is critical for consumer access to services and content. SB 904 undermines economic growth, research, and political participation.

In 2017, the Beales study estimated that consumers access \$30,000 worth of services for free thanks to advertising. That number has only grown with time and disrupting that subsidy would amount to a \$30,000 tax on each American.

As you all know, over the last decade, technology has transformed the economy, particularly in data collection and utilization. This has allowed businesses, including Maryland's businesses, to grow and succeed and compete on a global level. Now is not the time to increase taxes on small to mid-size businesses, which ultimately will hurt consumers, everyone is already facing strong headwinds.

If passed, this bill will increase the cost of doing business, it will increase the price of goods and services in Maryland, and it will affect businesses of ALL sizes and Marylanders from ALL walks of life. Please oppose SB904.

SB0904_UNF_MTC_Data Brokers - Registry & Gross Inc

Uploaded by: Drew Vetter

Position: UNF



Senate Budget and Taxation Committee

Senate Finance Committee

March 5, 2025

Senate Bill 904 – *Data Brokers – Registry and Gross Income Tax (Building Information Guardrails Data Act of 2025)*

POSITION: OPPOSE

The Maryland Tech Council (MTC), with over 800 members, is the State’s largest association of technology companies. Our vision is to propel Maryland to be the country’s number one innovation economy for life sciences and technology. MTC brings the State’s life sciences and technology communities into a single, united organization that empowers members to achieve their goals through advocacy, networking, and education. On behalf of MTC, we submit this letter of opposition to Senate Bill 904.

This bill establishes the Privacy Protection and Enforcement Unit within the Division of Consumer Protection in the Office of the Attorney General. The unit is funded by imposing a tax of 6% of the gross income of a data broker. The bill also requires data brokers to register with the Comptroller’s Office annually and pay a fee as determined by the Comptroller.

MTC’s primary concern with this bill is the broad definition of data broker, defined in the bill as “any business entity that engages in data brokering.” “Data Brokering” is defined as “the act of collecting, aggregating, analyzing, buying, selling, and sharing brokered personal data.” This definition of “data broker” and “data brokering” is broad in scope and likely encompasses not only companies whose primary business is data brokering but also virtually any small or local company that collects or uses customers’ personal data.

MTC encourages a more targeted definition of data brokers to narrow the bill’s scope to companies that are truly in the business of buying and selling personal data. The Committee should look at the definition of data broker in a similar law in Vermont that was enacted in 2018. The definition of data broker is limited in Vermont’s law to businesses that knowingly collect and sell or license brokered personal information about a Vermont consumer with whom it does not have a direct relationship. The states of California and Texas have adopted similar definitions of data broker. As demonstrated by these definitions, this issue has been considered in other jurisdictions, and definitions have been developed to target impact the types of businesses contemplated by the bill.

Without changing this definition, we fear that the small and local startups and tech companies in our membership will be subject to the 6% tax on their gross income, which is a significant amount for smaller and startup companies that are still investing in their products and services and working to achieve profitability. In particular, defining data brokering as any type of “collecting” or “aggregating” personal data could encompass basic activities, such as collecting customers’ email addresses.

In conclusion, we encourage the Committee to target the scope of this bill and align definitions of data broker and data brokering with those of other states that have already considered this issue.

For more information call:

Andrew G. Vetter
J. Steven Wise
Danna L. Kauffman
Christine K. Krone
410-244-7000

MDCC_SB 904_UNFAV.pdf

Uploaded by: Grason Wiggins

Position: UNF

Senate Bill 904

Date: March 5, 2025

Committee: Senate Budget and Tax

Position: Unfavorable

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

The Maryland Chamber respectfully submits this testimony opposing the establishment of a data broker registry and the introduction of a data broker gross income tax in SB 904. Instead of fostering a pro-business environment in Maryland, this proposed legislation would deter businesses from seeking to maintain or expand their operations within the State. The regulatory and tax components of this proposal undermine several fundamental principles of tax policy.

The proposed tax in SB 904 directly targets business inputs, violating key tax policy principles such as transparency, fairness, economic neutrality, and competitiveness. This tax would lead to pyramiding, where multiple intermediate taxes are imposed, resulting in an effective tax rate on final goods that exceeds the statutory rate. Businesses would either need to raise prices or reduce operations in Maryland to remain competitive with companies not facing the same tax burdens. Additionally, the tax would impact industries that rely on data for their operations, such as the insurance sector.

Currently, Maryland's corporate income tax already applies to the activities of data brokers doing business in the State, and there is no justification for imposing an additional tax on the same activities. Maryland's "economic nexus" approach allows the state to impose corporate income tax without a physical presence, so businesses subject to the proposed gross receipts tax are already taxed under the corporate income tax. Furthermore, Maryland's market-based sourcing and single-sales factor formula ensures that services, including those provided by data brokers, are appropriately taxed under the corporate income tax system. Therefore, the proposed tax in HB 1089 would be redundant and unnecessary.

Moreover, the proposed data broker gross income tax in SB 904 conflicts with policy principles as it imposes significant burdens on businesses, requiring them to overhaul systems for tax collection and reporting. HB 1089 defines "data brokers" more broadly than any other existing data broker definition or regulation, which problematically circles in any business that buys or

receives data—approximately all businesses. This bill also lacks clear distinction between data processors and data controllers, which is necessary for consumer protection.

The Maryland Chamber is concerned that SB 904's establishment of a data broker registry, the introduction of a data broker gross income tax, and insufficient language surrounding "data brokers" will implement unnecessary and burdensome costs for Maryland businesses. For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on **SB 904**.

MDCHAMBER.ORG

60 West Street, Suite 100, Annapolis 21401 | 410-269-0642



03032025 Opposition to Maryland SB904 Data Broker

Uploaded by: Leonore Heavey

Position: UNF



Officers, 2024-2025

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AT&T Services, Inc.

Archana Warner
*Constellation Energy
Corporation*

Leonore F. Heavey
Senior Tax Counsel
(202) 484-5221
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March 3, 2025

Via MyMGA

Senator Guy Guzzone, Chair
Senator Jim Rosapepe, Vice Chair
Senate Budget and Taxation Committee
Maryland General Assembly

Re: Opposition to SB 904 Data Broker Gross Income Tax

Dear Chair Guzzone, Vice Chair Rosapepe, and members of the Senate Budget and Taxation Committee:

On behalf of the Council On State Taxation (COST), I respectfully submit this testimony opposing the creation of a data broker registry and the imposition of a data broker gross income tax. Rather than fostering a positive environment for businesses to operate in Maryland, this proposed legislation would discourage businesses from seeking to maintain or expand their operations in the State. The regulatory and tax aspects of this proposal violate several principles of sound tax policy – including transparency, fairness, economic neutrality, and competitiveness

About COST

COST is a nonprofit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of approximately 500 major corporations engaged in interstate and international business, many of which have operations in Maryland. COST’s objective is to preserve and promote equitable and nondiscriminatory state and local taxation of multistate business entities.

COST Opposes Taxes on Business Inputs

The COST Board of Directors has adopted formal policy statements opposing both gross receipts taxes and other taxes on business inputs.¹ While the position on business inputs primarily concerns states’ sales taxes, the same logic also applies to a gross receipts tax on data brokering. The relevant provisions of these policy positions are as follows:

¹ Business inputs constitute intermediate, not final, goods and services because companies either resell these goods and services or use the materials, products, machinery, and services to market or produce other goods or services that subsequently are sold to the final consumer.

Gross receipts taxes are widely acknowledged to violate the tax policy principles of transparency, fairness, economic neutrality and competitiveness; generally, such taxes should not be imposed on business.²

Imposing sales taxes on business inputs violates several tax policy principles and causes significant economic distortions. Taxing business inputs raises production costs and places businesses within a State at a competitive disadvantage to businesses not burdened by such taxes. Taxes on business inputs, including taxes on services purchased by businesses, must be avoided.³

The proposed tax in SB 904 is a direct tax on business inputs that violates important tax policy principles, including transparency, fairness, economic neutrality, and competitiveness. Imposing this type of tax on business inputs causes lack of transparency resulting from pyramiding. Pyramiding occurs when a tax is imposed on multiple intermediate levels, such that the effective (hidden) tax rate on final consumption exceeds the statutory sales tax rate. As a result, companies must either pass these cost increases to consumers or reduce their economic activity in the State to remain competitive with other producers not subject to the same compliance and economic burdens. For example, the tax on data brokering will only increase the cost of products sold in the State, many of which are already subject to the State's sales tax. Besides higher prices, some of the cost is inevitably shifted to labor through lower wages and employment. This proposed legislation could also inadvertently seriously impact businesses that collect a wealth of information needed for their business operations, such as the insurance industry and others.

The Proposed Data Broker Tax Is a Double Tax on Affected Businesses

In Maryland, the business activity of “data brokers” that do business in the State is already subject to the corporate income tax and there is no rational basis for imposing an additional tax on the same business activity. Maryland follows an “economic nexus” approach for its corporate income tax effectively giving the State expansive jurisdiction to impose the corporate income tax without requiring a physical presence in the State. As a result, the same businesses subject to this proposed gross receipts tax are already subject to the State's corporate income tax. Maryland also imposes a market-based sourcing regime for receipts from services and apportions such receipts using a single-sales factor apportionment formula. Market-based sourcing with a single-sales factor apportions income from services based on where the customer receives the benefits from the service rather than the location of the taxpayer. As a result, Maryland's corporate income tax regime sufficiently taxes the same activities that would be subject to this proposed data broker gross income tax.

Administratively Burdensome for Affected Businesses and the State

The COST Board of Directors has adopted a formal policy statement urging states to impose fair, efficient, and customer-focused tax administration:

² See <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/sales-taxation-of-business-inputs.pdf>.

³ See <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/sales-taxation-of-business-inputs.pdf>.

Fair, efficient and customer-focused tax administration is critical to the effectiveness of our voluntary system of tax compliance. A burdensome, unfair, or otherwise biased administrative system negatively impacts tax compliance and hinders economic competitiveness.⁴

The proposed new and unique data broker gross income tax violates this policy position because it is a burdensome tax that will require most taxpayers to initiate extensive system changes to collect and remit this proposed tax. Businesses already have privacy policies, and this legislation would punitively require many businesses conducting business in the State to register as data brokers and remit this tax even if that business has nominal receipts from data brokering. Accurate sourcing will be problematic for business to administer, especially with the increased use of VPNs. This legislation is extremely likely to lead to expensive and protracted litigation.

Conclusion

For the foregoing reasons, COST strongly urges members of the Committee to reject the creation of a data broker registry and the imposition of a data broker gross income tax.

Respectfully,



Leonore F. Heavey
Senior Tax Counsel

CC: COST Board of Directors
Patrick J. Reynolds, President and Executive Director

⁴ See <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/sales-taxation-of-business-inputs.pdf>.

[MD] SB904_Data brokers_TechNet.pdf

Uploaded by: margaret durkin

Position: UNF



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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

MDDC UNFAV SB 904.pdf

Uploaded by: Rebecca Snyder

Position: UNF



Maryland | Delaware | DC Press Association

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www.mddcpres.com

To: Budget & Tax Committee

From: Rebecca Snyder, Executive Director, MDDC Press Association

Date: March 3, 2025

Re: SB 904 - UNFAVORABLE

The Maryland-Delaware-District of Columbia Press Association represents a diverse membership of news media, from large metro dailies like the Washington Post and the Baltimore Sun, to hometown newspapers such as The Annapolis Capital and the Frederick News Post to publications such as The Daily Record, Baltimore Jewish Times, and online-only publications such as The Baltimore Banner, MarylandMatters.com and Baltimore Brew.

The Press Association has concerns that SB904, as drafted, will negatively affect Maryland journalism. This bill creates a new system of registration, taxation and oversight that may unintentionally pull in news media.

1. The bill's definitions of "brokered personal data," "data broker," "data brokering," and "sell" are so broad that virtually all businesses that advertise in Maryland would be subject to the bill's obligations. Further, the bill entirely ignores the important definitions established in the Maryland Online Data Privacy Act that distinguish between targeted advertising and other forms of advertising.

For example, first-party advertising that sustains high-quality journalism and is expected by readers would be classified as "data brokering." Significant work must be done to refine the bill language to ensure consistency with existing Maryland privacy law and other state privacy frameworks. Consistency is imperative to ensure fairness and operational certainty for Maryland businesses, including publishers.

2. Given the bill's broad definitions, the tax could be levied on virtually every business in Maryland – including providers of high-quality local journalism. We are deeply concerned that the measure lacks an explicit exclusion for news media entities.

In 2021, the Maryland legislature recognized the importance of advertising to sustaining local journalism and deliberated excluding news media entities from the Digital Advertising Tax Act. The economic impact of this tax could be devastating to local newspapers.

In short, the bill needs its own guardrails.

We urge the Budget and Taxation Committee to reject the measure and work with interested stakeholders on amendments to better refine the intent of the bill, protecting both Maryland consumers' privacy and access to high-quality local news media.



**We believe a strong news media is
central to a strong and open society.**

Data Providers Finding the Right Balance 06202024.

Uploaded by: Richard Varn

Position: UNF

DATA BROKERS, DATA PROVIDERS, PUBLIC RECORDS, AND REGULATION: FINDING THE RIGHT BALANCE



Executive Summary

Who We Are

The Coalition for Sensible Public Records Access (CSPRA) is a non-profit organization dedicated to promoting the principle of open public records access. We represent data providers who follow the laws, enable useful transactions and societally beneficial activities, and who are responsible data stewards and corporate citizens. Data providers are part of the larger information industry on which much of America's prosperity, opportunity, and influence depend.

How Do Data Providers Provide Benefits to People?

A data provider gathers, curates, protects, and provides the data elements necessary to, and lawfully used for, **completing transactions, preventing fraud and harm, setting fair rates, meeting a legal requirement, enforcing the law or a contract, enabling communications with current and prospective customers, and making a variety of decisions.** The data they use to create these value-added services come from public records and private sources. Data

provider services **include customer-initiated activities used in support of a customer service function or used to protect customers or the provider of a service from fraud, contract violations, misuse of resources, illegal activities, and other various harms.** Many of these services are part of licensed and/or regulated industries or government activities like insurance, credit, law enforcement, banking, employment, housing, transportation, consumer product safety recalls, federally required automotive recalls, civil legal processes, investing, child support recovery, and supply management to name a few.

Data Providers Level the Playing Field for Businesses and Governments by Providing Valuable and Cost-Effective Access to Data to the Benefit of All

A substantial amount of the data provider products and services are sold in a business-to-business or business-to-government (B2B/G) model. **Many of the more than 33 million small businesses in the US and thousands of government entities** cannot efficiently or affordably acquire or provide the data they need by themselves. Businesses and governments use the



Executive Summary Continued

economies of scale of data providers to save or gain billions of dollars in efficiencies, improved outcomes, and revenue and job growth. **If the government had to respond individually to all the public records needs of businesses, individuals, and other government entities, it would require many billions of dollars in new technology and staff.** If data provider services and resale were prevented by law or regulation, it would **paralyze the economy as many transactions and safety protections would be delayed or impossible to conduct.**

What Benefits Do Data Providers and the Larger Information Industry Provide for Customers, Consumers, Government, and Society?

Data providers produce value-added services, including protection of children and seniors, lending, oversight of government, child support enforcement, safety recalls, improved newsgathering, and economic forecasting. Data providers provide the capacity to enhance public safety, facilitate commerce, and reduce government and business costs and inefficiencies. In a single year, public records and data providers play a key role in the:

- Purchase of over **6 million residential homes**
- Sale of over **14 million new** vehicles and over **36 million used** vehicles
- Notification of tens of millions of **automobile recall notices** affecting an average of over **34 million Americans**
- Issuance of over **21 million passports and travel cards**
- Creation of **quality-of-care reports protecting over 7 million children** (under age 5) in day care and over **8 million adults** receiving long-term care
- **Detection of fraud and fair underwriting of 692 million insurance policies** (291 million life, 167 million health, and 234 million auto), and
- Checking the **performance, quality, and stability of 20,800 financial institutions** (6,800 banks, 13,000 credit unions, and 1,000 savings and loans).

These are the kinds of everyday activities made possible or far more efficient because of data providers and public records, which should be protected in any legislation:

- **Buying or selling a home**
- **Choosing a care provider**
- **Protecting vulnerable populations**
- **Fairer and faster insurance and loan transactions**
- **Buying a car**
- **Getting a job**
- **Starting and running a business**
- **Enabling commerce**
- **Traveling abroad**
- **Helping enforce the law**
- **Secure payments of obligations**
- **Keeping people safe**
- **Preventing fraud and identity theft**

FINDING THE RIGHT BALANCE

Overview

Much of the discussion about data these days is done in the context of proposals to increase regulation of what is broadly and inaccurately called the data broker industry. We will not use the term data brokers in this paper (except where it is used in law or common phrasing) as that phrase has been reduced to an epithet that paints all who have a business that uses data as villains. We represent and choose to discuss the work of data providers who follow the laws, enable useful transactions and societally beneficial activities, and who are responsible data stewards and corporate citizens. In doing so, we encourage policymakers and thinkers to consider such useful distinctions when discussing and proposing regulations. Data providers are part of the larger information industry on which much of American prosperity, opportunity, and influence depends. The paper begins with a look at that industry, places data providers in the information industry context, discusses a general regulatory approach, and spells out the benefits that may be affected by new regulations.

How Do Data Providers Provide Benefits to People?

A data provider gathers, curates, protects, and provides the data elements necessary to and lawfully used for completing transactions, preventing fraud and harm, rate determinations, meeting a legal requirement, making a judgment, enforcing the law or a contract, or making various decisions. Data provider services support customer-initiated activities and customer service. These services also protect customers or the provider of a service from fraud, contract violations, misuse of resources, illegal activities, and various harms. Many of these services are part of licensed and/or regulated industry or government activities like insurance, credit, law enforcement, banking, employment, housing,



Existing Privacy Regimes Should Be Exemptions in Any New Laws or Regulations

transportation, consumer product safety recalls, federally required automotive recalls, civil legal processes, investing, child support recovery, and supply management.

Existing Privacy Regimes Should Be Exemptions In Any New Laws or Regulations

Much of the data used in data provider services are public records and publicly available information. Such data either:

- Is already considered public data and, therefore, does not have privacy implications; or
- Is governed by the terms of public records law which determines what information is accessible, to whom, and for what purposes.

All states and the federal government have a comprehensive public records law that restricts access to some records and limits uses and users of others. They also have special-purpose public records acts that address such things as criminal background data or personal information contained in state motor vehicle records. The states and the national government regulate the use of data from public sources by law, rule, and contract terms. The contract terms require a variety of mechanisms to ensure the security and lawful use of public records by data providers. Given the legal and contractual protections and protections granted under the First Amendment, it has been broadly acknowledged that public records do not need a separate privacy regime. All adopted state omnibus privacy laws and the Uniform Law Commission Uniform Data Privacy Act specifically exempt lawfully acquired publicly available information which includes public records, widely available information, and self-publicized data.

Furthermore, these omnibus privacy laws recognize that we have adopted numerous context-specific national privacy laws and that those statutes should govern regulation and rights within those fields. These include **Gramm-Leach-Bliley Act (GLBA)**, **Fair Credit Reporting Act (FCRA)**, **Drivers Privacy Protection Act (DPPA)**, **Federal Educational Rights and Privacy Act (FERPA)**, **Health Insurance Portability and Accountability Act (HIPAA)**, and others. Any data provider laws and regulations should adopt the same approach and exempt these areas and any lawfully acquired publicly available information.

Data Providers Level the Playing Field for Businesses and Governments by Providing Valuable and Cost-Effective Access to Data to the Benefit of All

A substantial amount of the data provider products and services are sold in a business-to-business (B2B/G) model. Many of the more than 33 million small businesses in the US and thousands of units of government cannot efficiently or affordably get or provide the data they need by themselves. Businesses and governments use data providers to save or gain billions of dollars in efficiencies, improved outcomes, and revenue and job growth. Businesses, governments, their employees, their customers, our economy, and our society receive the benefits from the economies of scale the data providers can offer. Many free-to-use and advertising-supported services depend on data providers to provide the means of delivering value to the advertisers and users of the service. The value provided by the B2B/G part of the information industry is often invisible and simply taken for granted. It is not surprising that many people are not aware of how dependent we are on data providers

for so many things we do in life. What is surprising is the lack of concern CSPRA sees for regulations and laws that damage the efficiency and availability of the data from data providers for these many essential purposes. Treating responsible and accountable data providers like unregulated black-market peddlers of private data does not address the harms that are occurring from the misuse of private data by bad actors.

Are All Brokers Villains?

We do not think so, but how can we make distinctions that preserve the socially beneficial work of data providers and the information industry and better address privacy concerns and the harms caused by bad actors?

Let us first explore what a broker is. We often have an overwhelming number of choices in goods, services, information, and any number of similar things we can generally call resources. A broker is a person or entity with access to a needed resource, the expertise to advise customers which ones are the best choice for them, acquire the resource, ensure its delivery, and manage it beyond the initial acquisition.

Brokers, in this broad view, are all around us—not all of which have “broker” in their name like stock, information, insurance, or real estate brokers do. Healthcare workers and entities, lawyers, concierges, airline seat aggregators, auto sellers, manufacturers, logistics companies, news organizations, data sources, many web-based apps and sites, governments, and so on act as brokers. However, we generally consider them as providers of goods and services and do not lump them all under some broker heading just to demean what they do. There is nothing inherently wrong with being a broker and we dismay at



Healthcare workers and entities, lawyers, concierges, airline seat aggregators, auto sellers, manufacturers, logistics companies, news organizations, data sources, many web-based apps and sites, governments, and so on act as brokers.

the word being misused in this way. These providers listen to their markets, constituents, and customers, set up supply channels, and meet the constituent's and customer's needs. Having efficient and well-organized providers who can function as honest brokers serves our economic and societal interests as it encourages competition among suppliers, reduces friction in transactions, gives more informed choices, better serves needs, and creates a more efficient and functional society.

Providers vary in type, quality, importance, and value to users and society. Treating them all the same or demeaning them with overbroad terms and assumptions does not advance our common interests. In all the examples above, there are always bad actors who give that kind of provider, business, government, or brokerage a bad name. Assuming all who help to "broker" lawful activities are bad or that any entity in each category is the same as all the others is a logical fallacy that limits our ability to make useful distinctions, focus on harmful and illegal behavior, and respond appropriately.

The truth is that the phrase "data broker" has become a caricature or epithet that has clouded our understanding of what various information industry entities do and their value.

The data broker label has been indiscriminately slapped on large swaths of the information industry. The information industry is one of the largest in the world, with many distinct and overlapping players. We understand the instinct to try and simplify things with a single label. But it distorts the reality of the industry to see all the parts and parties as the same. This distortion is advanced most frequently by those whose main concern is selling security products or

advocating for a specific privacy philosophy. They describe all as personal information collectors and dossier builders acting outside of any controls who are destroying privacy, democracy, fairness, and equality, as well as perpetrating a litany of claimed harms. CSPRA does not approach this problem as a battle between good and evil but rather as an ongoing set of challenges where the only sustainable strategy for policymaking is continuously balancing the interests, rights, responsibilities, harms, and benefits as the information industry and society co-evolve.

What Exemptions Should Be Considered in Regulation?

Data providers support activities by individuals, businesses, and government that are essential to our daily lives, economy, and safety. Often, the data and/or activities are either public or already the subject of substantial regulation or privacy and consumer protective statutes. For this and the many reasons stated above, the data used or regulated under existing statutes, including general and special purpose public records laws, have commonly been exempted from state privacy laws. The Uniform Law Commission's Uniform Data Privacy Protection Act also includes these exemptions. We recommend that any new federal or state laws or regulations follow this example and include strong public records and publicly available information exemptions and exempt uses already regulated by federal law. We recommend that any new federal and state laws and regulations specifically address any behaviors that create real harm and not regulate the data provided or single out a subclass of the entities providing it.

Cutting through these recommendations is the idea of looking more carefully at what is being done with the data and whether that is part of a consumer-initiated transaction, an activity regulated by other laws or

Data providers support activities by individuals, businesses, and government that are essential to our daily lives, economy, and safety.



privacy regimes, or designed to prevent harms like fraud, identity theft, theft of services and property, terrorism, threatening behavior, bodily harm, and so on. These activities need exemptions or leeway to function with a lighter touch of regulation. Two examples of these kinds of exemptions and the rationale for them are given below. We also think that activities that enable ads to support news, media, and entertainment need protection, as do any press activities and other First Amendment speech. We must preserve our rights to know, learn, investigate, discover, infer, think, and speak in our information and data-rich society. Advertising support is crucial to many things we enjoy every day, and we need to find the proper balance between marketing and privacy and not simply ban marketing uses of data.

Public Safety & Security Exemptions

Reputable businesses in the information services sector play an important role in the work law enforcement and government agencies perform daily. Investigators and government workers rely on fast and accurate information, particularly when it comes to stopping crime, investigating suspects, and finding missing children. Their access to data that is continuously maintained and updated by an information service provider is an essential tool critical to their success.

While it is possible that the data provided by information services providers could be obtained by a government entity directly, this would be an enormous undertaking. Law enforcement or government agencies would have to enter into separate licensing agreements with each data source, develop a mechanism to continuously collect, store, and make available the information through an aggregation vehicle, and put into place safeguards to both comply with existing laws and regulations and prevent a breach. The risk of building a system in-house is far too high and cost prohibitive. Practically speaking, exempting businesses that currently have the infrastructure in place to continuously remain compliant and preserve the data is a cost-effective solution.

Fraud Prevention & Remediation Exemptions

In an era characterized by rapid technological advancements, it's paramount that businesses collaborate with law enforcement agencies, furnishing them with the requisite tools and resources to safeguard society. The recent surge in fraudulent activities, especially within state and federal assistance programs during the pandemic,

underscores the importance of this partnership. By bridging the technological divide, we can bolster our collective security mechanisms, ensuring that fraudulent actors are swiftly identified and held accountable.

While we emphasize strengthening our defenses, we must concurrently prioritize the prevention of fraud, particularly in programs crucial to our nation's well-being. The [Government Accountability Office's](#) findings on the vulnerabilities in the Unemployment Insurance System are a stark reminder of the costs associated with neglecting fraud prevention. Companies, in tandem with governmental agencies, must develop shields against wrongdoing while adopting innovative strategies to do so. Through this balanced approach, we can protect society at large while preserving the integrity of our state and national programs.

What Benefits Do Data Providers and the Larger Information Industry Provide for Customers, Consumers, and Society?

Why must we balance the approach to regulating parts of the information industry? Because business customers, consumers, and government benefit from the combination of public and private records systems, those benefits can be destroyed or limited by imbalanced regulation. What is at risk? These information systems produce value-added services, including protection of children and seniors, lending, oversight of government, child support enforcement, safety recalls, improved newsgathering, and economic forecasting.

Public and private records systems working individually and alone, without the value additions of the information industry, do not provide an equivalent capacity to enhance public safety, facilitate commerce, and reduce government and business costs and inefficiencies.



COALITION FOR SENSIBLE RECORDS ACCESS

As a result, data providers and other information industry parties are a critical part of the nation's information infrastructure and public records play a critical part in delivering benefits from that infrastructure. In a single year public records and data providers play a key role in the:

- Purchase of over 6 million residential homes,
- Sale of over 14 million new vehicles and over 36 million used vehicles,
- Notification of tens of millions automobile recall notices affecting an average of over 34 million Americans,
- Issuance of over 21 million passports and travel cards,
- Creation of quality-of-care reports protecting over 7 million children (under age 5) in day care and over 8 million adults receiving long-term care,
- Detection of fraud and fair underwriting for 291 million life, 167 million health, and 234 million car insurance policies,
- Checking the performance, quality, and stability of 6,800 banks, 13,000 credit unions, and 1,000 saving and loan institutions.

The following list shows some of the kinds of everyday activities made possible or far more efficient because of a combination of public and non-public records and the information industry companies who use them as part of their services.

Buying or Selling a Home:

- Evaluate the mortgage applicant and validate the funds,
- Verify the payment of property taxes,
- Conduct a lien search,
- Produce a clear title,
- Discover any pending litigation against the seller,
- Discover environmental hazards,
- Verify easements or encroachments, and
- Find neighborhood ratings (criminal activity, school performance, walkability).

Choosing a Care Provider:

- Verify provider's credentials, including background check,
- Obtain public health and safety reports,
- Determine available public assistance programs, and,
- Obtain a care provider report card.

Buying a Car:

- Conduct credit check for a loan,
- Identify recalled vehicles,
- Confirm proper titling,
- Find safety and fuel consumption ratings,
- Reveal crash and repair history, and
- Align insurance rates to driver behavior.

Getting a Job:

- Perform background check,
- Verify licenses and credentials, and
- Confirm work eligibility under the law.

Enabling Commerce:

- Open a bank account,
- Apply for credit,
- Reduce identity theft crime,
- Help consumers know where their purchases come from,
- Improve supply chain efficiency for businesses,
- Identify optimal business locations,
- Identify and prevent money laundering, and
- Allow investors to better value stocks and bonds.

Traveling Abroad:

- Obtain a passport or travel visa,
- Prove residency,
- Identify country immunization and public health restrictions, and
- Access terrorism and safety alerts.

Keeping People Safe:

- Arrest criminals,
- Reduce consumer fraud,
- Improve access to the justice system,
- Identify known offenders, and
- Protect vulnerable people.

Beyond the important every day uses, and value provided by the information industry, there are also important systemic benefits that inure to businesses, people, and our society. Some of those benefits are listed below for each of these categories:

Businesses:

- Growth and development,
- Efficiency,
- Compliance with laws and contractual requirements,
- A more level playing field for new market entrants and new products and ideas,
- Aligning resources and market trends, and
- Protecting business from fraud, harm, misuse, and other proscribed behavior.

People:

- Faster and more efficient transactions,
- Identity theft protection and identity security,
- Accurate association of data with the consumer to prevent false positive and false negative effects,
- Protection of vulnerable populations,
- Workplace and renter safety,
- Access to and use of free and freemium services,
- Fairer rate setting for individuals and groups, and
- Protection from fraud, harm, misuse, and other proscribed behavior.

Society:

- Functioning and robust markets,
- Public safety,
- Economic growth and jobs,
- Resource efficiency,
- Democratization of opportunity and information access,
- Leveling the playing field for small and medium sized businesses,
- Support for free speech and advocacy, and
- Governmental and societal transparency and accountability.

CONCLUSION

There is a lot of cognitive dissonance and inconsistency in what are broadly held American values, and the new regulations and laws being proposed. For example, Americans want to live in a free society with functioning markets. Americans want good deals, fair rates for what they get, and at least a few choices. Americans generally support businesses, especially small to medium ones, that struggle to find and keep customers, provide jobs, and remain profitable. America supports entrepreneurs who create new products and services that challenge entrenched players to better serve the consumer. The American Constitution supports free speech about matters of public or commercial interest. Americans widely patronize advertising-supported businesses from broadcast and published media to most of the Internet and App ecosystems. But how does one square these common beliefs, values, and actions with regulations and laws effectively saying we do not think anyone should know anything about anybody? CSPRA rejects the absolutism that says all information providing or brokering is either bad or good and that all data is either private or public. Since the inception of our organization, we have always maintained these as false choices between absolutes that do not serve us well. We believe in balance: between privacy and openness, cost and benefit, regulation and market forces, and the duty to the greater good and individual choices and responsibility. A more balanced, distinguishing, and logically applied approach to regulating the information industry is clearly in all our best interests, and singling out, demonizing, and over-regulating that entire industry is not.

The Coalition for Sensible Public Records Access (CSPRA) is a non-profit organization dedicated to promoting the principle of open public records access to ensure individuals, the press, advocates, and businesses the continued freedom to collect and use the information made available in the public record for personal, governmental, commercial, and societal benefit. For more information, visit us on the web at www.cspra.org.

Coalition Letter in Opposition to Maryland SB 904.

Uploaded by: Travis Frazier

Position: UNF



March 3, 2025

Senator Guy Guzzone, Chair
 Senate Budget & Taxation Committee
 3 West Miller Senate Office Building
 11 Bladen Street
 Annapolis, MD 21401

Senator Jim Rosapepe, Vice Chair
 Senate Budget & Taxation Committee
 101 James Senate Office Building
 11 Bladen Street
 Annapolis, MD 21401

Senator Katie Fry Hester
 304 James Senate Office Building
 11 Bladen Street
 Annapolis, MD 21401

Senator Bill Ferguson
 H-107 State House
 100 State Circle
 Annapolis, MD 21401

Senator Sara Love
 222 James Senate Office Building
 11 Bladen Street
 Annapolis, MD 21401

Senator Dawn Gile
 3 East Miller Senate Office Building
 11 Bladen Street
 Annapolis, MD 21401

Senator Michael A. Jackson
 3 West Miller Senate Office Building
 11 Bladen Street
 Annapolis, MD 21401

RE: Letter in Opposition to Maryland SB 904

Dear Chair Guzzone, Vice Chair Rosapepe, Senator Hester, Senator Ferguson, Senator Love, Senator Gile, and Senator Jackson:

On behalf of our industries, we write to oppose Maryland SB 904.¹ We provide this letter to offer our non-exhaustive list of concerns about this bill. SB 904 would create new registration requirements and impose taxes on companies that drive employment and economic output for the state. Accordingly, we ask you to decline to advance the bill as drafted out of the Senate Budget and Taxation Committee (“Committee”).

¹ Maryland SB 904 (2025 Session), located [here](#) (hereinafter, “SB 904”).

As some of Maryland and the nation’s leading organizations, we collectively represent thousands of companies across the country. These companies range from small businesses to household brands, advertising agencies, publishers, technology providers, and more. Our combined membership includes thousands of companies that power the commercial Internet, which accounted for 12 percent of total U.S. gross domestic product (“GDP”) in 2020.² We would welcome the opportunity to engage with the Committee further on the non-exhaustive list of issues with SB 904 outlined here.

I. SB 904’s Registration Requirement Will Not Provide Meaningful Consumer Protections

SB 904 would require “data brokers,” as defined, to register with the state, provide certain information as part of their registration, and pay an annual fee. The disclosures required of data brokers by SB 904’s proposed registry include much of the information that companies already regularly include in their privacy policies. In addition, the bill’s broad definition of “data broker” threatens to capture nearly every entity that does business in Maryland—even entities that have direct, first-party relationships with consumers. Requiring essentially all companies that do business in the state to register as data brokers will not provide Marylanders with meaningful clarity about data brokers’ practices but will rather serve as a repository of often redundant information about all entities doing business in Maryland. As a result, the bill’s data broker registration requirement is unnecessary, as it would do little to further meaningful consumer protections.

II. SB 904’s Proposed Tax Would Impede the Benefits Data Brokers Provide to the Maryland Economy

If enacted, SB 904 would impose an annual tax on data brokering by data brokers. The tax could be levied on virtually every business in Maryland. No other state has imposed this type of tax on data. The proposed tax would severely hamper businesses’ ability to create jobs and control prices for their services.

By one estimate, over 168,000 jobs in Maryland were related to the ad-subsidized Internet in 2020.³ The proposed tax could translate into a loss of resources and capital that businesses currently dedicate to those jobs. In addition, the proposed tax would hinder businesses’ ability to innovate and develop products and services Marylanders desire. Studies have shown that as new taxes are enacted, companies simply pass them on to their consumers in the form of higher prices for services.⁴ Consumers would thus feel the impacts of the proposed tax in the form of loss of access to vast and varied services as well as increased prices.

² John Deighton and Leora Kornfeld, *The Economic Impact of the Market-Making Internet*, INTERACTIVE ADVERTISING BUREAU, 15 (Oct. 18, 2021), located at https://www.iab.com/wp-content/uploads/2021/10/IAB_Economic_Impact_of_the_Market-Making_Internet_Study_2021-10.pdf.

³ *Id.* at 135-136.

⁴ Deloitte, *The French Digital Services Tax – An Economic Impact Assessment* (March 22, 2019), located at <https://blog.avocats.deloitte.fr/content/uploads/2020/03/dst-impact-assessment-march-2019.pdf>.

The tax would also impact small and mid-size businesses the most, as SB 904 would apply to all companies equally regardless of size. Our industries contribute significantly to the Maryland economy by employing residents, subsidizing the development of important products and services, and by helping small and mid-size companies compete with the economy's largest players. The proposed tax would hinder companies of all sizes from continuing to provide this value to Maryland consumers and the economy.

* * *

We and our members strongly support meaningful privacy protections for consumers. We believe, however, that SB 904 will not further meaningful consumer protections in Maryland. The bill would also impose an overly onerous tax on companies that provide significant value to Maryland consumers and the economy. We therefore respectfully ask the Committee to decline to advance SB 904 as proposed. We would welcome the opportunity to engage further and work with you to craft a workable privacy framework that benefits Maryland consumers and businesses alike.

Thank you for your consideration of this letter.

Sincerely,

Christopher Oswald
EVP for Law, Ethics & Govt. Relations
Association of National Advertisers
202-296-1883

Alison Pepper
EVP, Government Relations & Sustainability
American Association of Advertising Agencies, 4As
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Lartase Tiffith
Executive Vice President, Public Policy
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Clark Rector
Executive VP-Government Affairs
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Lou Mastria, CIPP, CISSP
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MD SB 904 CDIA Testimony - Opposed.pdf

Uploaded by: Zachary Taylor

Position: UNF



Consumer Data Industry Association
1090 Vermont Ave., NW, Suite 200
Washington, D.C. 20005-4905

P 202 371 0910

CDIAONLINE.ORG

February 28, 2025

Senator Guy Guzzone
Chair
Senate Budget & Taxation Committee
3 West Miller Senate Office Building
11 Bladen St
Annapolis, Maryland 21401

Chair Guzzone, Vice-Chair Rosapepe, Members of the Committee:

On behalf of the Consumer Data Industry Association (CDIA), I write to respectfully oppose SB 904, which would establish a new gross receipts tax on large swaths of data-driven transactions and activities that Marylanders depend on to complete transactions, access services, evaluate products, and compete in the marketplace. This tax on the free flow of data across local, state, and national boundaries will raise costs for consumers, small businesses, and institutions that rely on data-driven products and services that make much of our modern digital economy possible and will make Maryland less competitive.

CDIA, founded in 1906, is the trade organization representing the consumer reporting industry, including agencies like the three nationwide credit bureaus, regional and specialized credit bureaus, background check companies and others. CDIA exists to promote responsible data practices to benefit consumers and to help businesses, governments and volunteer organizations avoid fraud and manage risk.

Aside from being contrary to the state's economic policy goals and purposes in relation to the modern digital economy, the tax levied by SB 904 would also be duplicative. To the extent that CDIA member company activities are captured by the proposal, those businesses, as well as all others, are already subject to Maryland corporate taxes for their Maryland business activities contemplated by this proposal. Layering yet another tax on top of already taxed activity will trigger market adjustments, ultimately increasing the cost of services and products paid for by Maryland consumers, small businesses, and institutions.

However, to the extent that the General Assembly wishes to move forward with unwise economic policy, CDIA would like to acknowledge the importance of maintaining the existing construction and scope as it relates to the definition of Data Broker. This committee no doubt will hear from many interests suggesting that Maryland should instead adjust the definition and scope of SB 904 to refocus on certain business models over others. This would be picking winners and losers in the marketplace and exacerbating the negative consequences of the tax policy included in the bill, once again to the detriment of Marylanders.

While this tax would be the first of its kind in the nation, SB 904 would also be the first to rightly focus on data brokering as an activity as opposed to drawing an arbitrary line in the normal data flow process after which otherwise normal business activity become "data brokering". This is not to say that the existing exemptions for certain, highly-regulated, data-driven processes should not be included, preserved, or even expanded on a case-by-case basis.

On the contrary, the current exemptions for entities regulated by the Fair Credit Reporting Act and the Gramm-Leach-Bliley Act underscore the disruptive risks posed by SB 904's novel tax scheme. These exemptions must and should be maintained and if the committee chooses to move this proposal forward. Further, the committee would be well-served consider additional, activity-driven exemptions to avoid unnecessary cost increases for Maryland consumers who depend on data-driven services that are not already exempt.

The insertion of additional exemptions is particularly important given that many entities work across multiple different data flows, combining exempt activities with nonexempt activities or sharing data between exempt and non-exempt entities, but related entities for a variety of processes. That SB 904

functions as a data tax creates risks not only compliance but also operational problems given the complexities of many CDIA members' businesses that facilitate and support other critical services like identity verification, fraud detection, product recalls, benefit eligibility verification and administration or similar screenings.

Without additional refinement to SB 904's reach, these critical, data-driven services could become more expensive for Maryland users. As a result, some users may opt to discontinue their use, which could create additional unintended consequences for Maryland consumers, small businesses, and institutions. This would, in turn, expose them to greater risk of fraud, complicate identity verification for transactions, and frustrate the administration of product recalls to keep consumers safe.

Setting aside the operational issues with SB 904, CDIA remains concerned about the precedent of states creating new taxes on the flow of data that support a variety of products and services Marylanders depend on every day. Both the complexities of implementing and administering such a complex proposal and the significant risk of unintended consequences for businesses and cost increases for consumers, small businesses and other institutions underscore that the risks of SB 904 outweigh any estimated revenue increases.

Instead of pursuing a novel, disruptive, and complex data tax, CDIA encourages Maryland to look to other approaches to address any budgetary challenges the state may face instead of picking winners and losers in the modern, data-driven economy. With all this in mind, CDIA respectfully requests the committee issue an unfavorable report on SB 904.

CDIA and its members stand ready to serve as a resource to this committee and the General Assembly as they work to better understand how the free flow of data supports Maryland's continued economic growth. Thank you for your time and consideration and please reach out to me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Zachary W. Taylor', with a stylized flourish extending to the right.

Zachary W. Taylor
Director, Government Relations
Consumer Data Industry Association

SB 904 - LOI.pdf

Uploaded by: Matthew Dudzic

Position: INFO



Letter of Information

**Senate Bill 904 – Data Brokers – Registry and Gross Income Tax (Building Information
Guardrails Data Act of 2025)**
Budget & Taxation Committee
March 5, 2025

The Office of the Comptroller is respectfully submitting this letter of information regarding Senate Bill 904 (SB904), Data Brokers – Registry and Gross Income Tax (Building Information Guardrails Data Act of 2025). SB904 creates a requirement that data brokers register with the Office of the Comptroller and establishes a 6% gross income tax on data brokers.

We would like to thank Senator Hester for working with our office and accommodating our requested implementation timeline for the creation of a new tax. SB904 has an enactment date of tax year 2027 for the data broker gross income tax, which provides our office with adequate time to develop and operationalize this new tax type without delaying other ongoing projects.

Thank you. If you have any questions, please reach out to Matthew Dudzic, Director of State Affairs, at MDudzic@marylandtaxes.gov.

