

**MDCC\_SB 605\_DAGR Tax\_FAV.docx.pdf**

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Position: FAV



**LEGISLATIVE POSITION:**

**Favorable**

**SB 605- Digital Advertising Gross Revenues Tax - Assessments - Appeals and Corrections**

**Senate Budget & Taxation Committee**

**Wednesday, March 5, 2025**

Dear Chair Guzzone and Members of the Committee:

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 health and growth for Maryland businesses, employees, and families.

Senate Bill 605 seeks to add the Digital Advertising Gross Revenues Tax (DAGR tax) to the list of tax assessments eligible for an application for the revision of the assessment, a claim for refund, and an informal hearing within the Comptroller's Office pertaining to either a revision application or refund claim. SB 605 is a process bill creating parity between the DAGR tax and nine other types of common taxes as it pertains to the refund claims appeals process.

An issue discovered with the recently enacted DAGR tax, currently if a taxpayer files a claim for a DAGR tax refund or assessment revision and that claim is denied, a taxpayer's only remedy is to appeal to the Maryland Tax Court. SB 605 would make the DAGR tax eligible for an informal hearing within the Comptroller's Office as a first step appeal, potentially saving both the state and the taxpayer significant sums in legal fees by initially avoiding the Tax Court. Further, as the DAGR tax is a targeted tax impacting a smaller segment of taxpayers in the market, it is unlikely to create any measure of additional burden on the Comptroller's Hearings and Appeals Division.

SB 605 is prospective and will only impact DAGR tax assessments after December 31, 2025. All existing assessments, appeals, and cases will remain in their current state.

For these reasons, the Chamber respectfully requests a **favorable report** on **SB 605**.

MDCHAMBER.ORG

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



# **SB0605\_FAV\_MTC\_Digital Ad. Gross Revenues Tax - As**

Uploaded by: Drew Vetter

Position: FAV



Senate Budget and Taxation Committee

March 5, 2025

Senate Bill 605 – *Digital Advertising Gross Revenues Tax – Assessments – Appeals and Corrections*

**POSITION: SUPPORT**

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 united organization that empowers members to achieve their goals through advocacy, networking, and education. We submit this letter of support for Senate Bill 605 on behalf of MTC.

This bill establishes an appeals process for persons subject to the digital advertising gross revenues tax (DAGR) and receiving a notice of assessment from the Comptroller. The bill also authorizes the Comptroller to correct an erroneous assessment of the DAGR. When the DAGR was enacted, it was not included among the types of assessments that could be appealed to the Comptroller's Office. As a result, appealing directly to the Maryland Tax Court is the only recourse for an erroneous assessment. We support allowing an administrative remedy for appeals of DAGR assessments, as exists for most other types of taxes collected by the Comptroller. This administrative appeal route is more efficient and less costly than litigation. MTC believes adding this proposed appeal process for DAGR is a sensible and practical proposal.

We urge a favorable report on Senate Bill 605.

**For more information call:**

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

# **SB605 COST Council on State Taxation**

Uploaded by: Leonore Heavey

Position: FAV



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*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: Support for SB 605 – Digital Advertising Gross Receipts Tax Appeals

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 am writing in support of Senate Bill 605, which would establish an appeals process for taxpayers who are subject to the digital advertising gross revenues tax (DAGR). Although COST maintains the position that the DAGR is unsound tax policy and violates the core tax policy principles of transparency, fairness, and economic neutrality and should be repealed, we also advocate for fair, efficient, and customer-focused tax administration. As long as the DAGR remains on the books, Senate Bill 605 is a necessary step in improving the fairness of Maryland’s tax administration.

**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 Supports Fair Tax Administration**

The Council On State Taxation (COST) has long monitored and commented on state tax administration and tax appeals processes. Part of that effort has resulted in the regular publication of a scorecard ranking the states, “The Best and Worst of State Tax Administration.”<sup>1</sup> Our focus is on the states’ adoption of procedural practices that impact the fairness of states’ laws and regulations for the administration and appeal of state tax matters. The Scorecard is *not* a commentary on the agencies that

<sup>1</sup> See *The Best and Worst of State Tax Administration COST Scorecard on State Tax Appeals & Procedural Requirements*, <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/cost-2023-admin-scorecard---final-draft-combined.pdf>.

administer the states' tax laws, but rather an objective evaluation of the procedural practices adopted by state policymakers that impact the fairness of states' tax administration laws and regulations.

In December 2023, COST released its most recent administrative scorecard. One of the issues that negatively impacts Maryland's current score is the inability of taxpayers to request an administrative appeal from the Comptroller to protest the Digital Ad Gross Receipts Tax. Senate Bill 605 corrects this issue by applying the administration and appeals process available for other taxes collected by the Comptroller to the DAGR.

### **Conclusion**

Thank you for the opportunity to provide this Committee with COST's rationale for supporting Senate Bill 605. We urge a favorable report on S.B 605.

I welcome any questions or requests for information by the Committee to aid in its consideration of this measure and other measures that will improve Maryland's tax administration climate.

Respectfully,

A handwritten signature in blue ink that reads "Leonore Heavey". The signature is written in a cursive style and is enclosed in a thin black rectangular border.

Leonore F. Heavey  
Senior Tax Counsel

CC: COST Board of Directors  
Patrick J. Reynolds, President and Executive Director  
Brooke Lierman, Comptroller of Maryland

**[MD] SB 605 DAT\_TechNet\_Word.pdf**

Uploaded by: margaret durkin

Position: FAV





**TECHNET**  
THE VOICE OF THE  
INNOVATION ECONOMY

TechNet Mid-Atlantic | Telephone 717.585.8622  
www.technet.org | @TechNetMidAtla1

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 605 (Zucker) - Digital Advertising Gross Revenues Tax - Assessments - Appeals and Corrections – Favorable*

Dear Chair Guzzone and Members of the Committee,

On behalf of TechNet, I'm writing to offer comments on SB 605 as it relates to the digital advertising tax appeals process.

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.

TechNet works to ensure that tax structures create a level-playing field for all product and service providers, both technology players as well as others, and do not disadvantage a specific subsector.

Under existing Maryland law, taxpayers seeking to appeal a notice of assessment or denial of a refund claim for most taxes administered by the Comptroller can request an informal hearing before the Hearings and Appeals Section of the Comptroller's Compliance Division. When the digital advertising tax ("DAT") was enacted, the existing law was not updated to include the DAT under the types of tax appeals that can be reviewed by Hearings and Appeals. The Comptroller interprets the omission to mean that DAT appeals are outside the permitted scope of review by Hearings and Appeals and must go directly to the Maryland Tax Court. SB 605 would update existing Maryland law to correct the omission. As a result, taxpayers could

appeal a DAT assessment or refund denial by going through the informal Hearings and Appeals process rather than by going to the Maryland Tax Court.

Updating the rules for challenging liability for the DAT to align with the administrative procedures for challenging most other Comptroller-administered taxes would standardize and simplify the appeals process for taxpayers. By utilizing an administrative remedy, taxpayers can avoid incurring the significant costs and burdens associated with litigating routine DAT appeals that can be more efficiently resolved at the administrative level. Providing an administrative appeal process will also alleviate the state's overburdened judicial resources by removing routine DAT appeals from the Maryland Tax Court's already congested docket.

Thank you for your work on this important issue. Please let me know if you have any questions.

Sincerely,

*Margaret Durkin*

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

**SB605\_MRA\_FAV.pdf**

Uploaded by: Sarah Price

Position: FAV

# MARYLAND RETAILERS ALLIANCE

*The Voice of Retailing in Maryland*



**SB605 Digital Advertising Gross Revenues Tax – Assessments – Appeals and  
Corrections  
Budget and Taxation Committee  
March 5<sup>th</sup> , 2025**

**Position:** Favorable

**Background:** SB605 would alter the appeals process for Digital Advertising Gross Revenues Tax claims.

**Comments:** The Maryland Retailers Alliance (MRA) writes in support of **SB605 Digital Advertising Gross Revenues Tax – Assessments – Appeals and Corrections**. SB605 would update the refund claims appeals process within the Office of the Comptroller to allow the existing appeals process for other taxes such as admissions and amusement tax, alcoholic beverage tax, and sales and use tax to also apply to claims filed for the Digital Advertising Gross Revenues (DAGR) tax. At this time, denied claims filed for a DAGR tax refund or assessment revision can only be appealed through the Maryland Tax Court. Allowing these claims to be processed first through an informal hearing within the Office of the Comptroller would increase efficiency and decrease State expenditures by reducing the number of claims cases processed through the Tax Court. This would also streamline the claims process and decrease costs for businesses appealing denied claims in Maryland.

For these reasons, we would respectfully request a favorable report on SB605. Thank you for your consideration.

# **SB 605- Senator Zucker- Senate.pdf**

Uploaded by: Senator Craig Zucker

Position: FAV

**CRAIG J. ZUCKER**  
*Legislative District 14*  
Montgomery County



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Craig.Zucker@senate.state.md.us

Budget and Taxation Committee  
Chair, Capital Budget Subcommittee

Chair, Senate Democratic Caucus

**THE SENATE OF MARYLAND**  
ANNAPOLIS, MARYLAND 21401

**Testimony of Senator Craig J. Zucker**  
**Senate Bill 605- Digital Advertising Gross Revenues Tax - Assessments - Appeals and**  
**Corrections**  
**March 5<sup>th</sup>, 2025**  
**1:00pm**  
**Position: Favorable**

Good afternoon, Chair Guzzone, Vice Chair Rosapepe, and distinguished members of the Budget and Taxation Committee. It is my pleasure to testify today in support of **Senate Bill 605 Digital Advertising Gross Revenues Tax (DAGR) - Assessments - Appeals and Corrections.**

Currently, taxpayers contesting DAGR tax determinations must proceed directly to the Maryland Tax Court. SB 605 would add the DAGR tax to the list of tax assessments eligible for an application for revision, a claim for refund, and an informal hearing within the Comptroller's Office before proceeding to court.

The Comptroller's Hearings and Appeals Division already manages appeals for nine other types of common taxes. Expanding this established review process to include the DAGR tax would reduce legal expenses for both taxpayers and the state, resolve disputes more efficiently, and create consistency across Maryland's tax system.

As the DAGR tax impacts a smaller segment of taxpayers, it is unlikely to create any significant additional burden on the Comptroller's Hearings and Appeals Division. Importantly, SB 605 is prospective and will only impact DAGR tax assessments after December 31, 2025. All existing assessments, appeals, and cases will remain in their current state.

I respectfully request a **favorable report on Senate Bill 605.** Thank you for your consideration.