



COALITION FOR SENSIBLE PUBLIC RECORDS ACCESS

Date: February 21, 2025

To: Members of Maryland Legislature

Re: **MD SB 904 and HB 1089 Data Broker Registration and Tax**

Who We Are

The Coalition for Sensible Public Records Access (CSPRA) is a non-profit organization dedicated to promoting the principle of open public record 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. Members of CSPRA are just a few of the many entities that comprise a vital link in the flow of information for these purposes and provide services that are widely used by constituents in your state. Collectively, CSPRA members alone employ over 75,000 persons across the U.S. The economic and societal activity that relies on entities such as CSPRA members is valued in the trillions of dollars and employs millions of people. Our economy and society depend on value-added information and services that includes public record data for many important aspects of our daily lives and work and we work to protect those sensible uses of public records.

Summary

- We question the bills' lumping together of all data providers and calling them "data brokers." Data broker has become a caricature or epithet that has clouded our understanding of what various information industry entities do and their value.
- Public records should be exempt from this legislation as they already have a fee and an allowed-use framework that balances the needs for the information and the privacy of affected parties.
- The proposed data tax is double taxation, inflationary, and a dubious tax policy.

Data Brokers, Data Providers, Public Records, and Regulation: Finding The Right Balance

We have attached a policy paper that addresses the issues raised by this legislation. It addresses how various types of data providers benefit the public and government. 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 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 data 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 or substantially limited by law or regulation, it would paralyze the economy as many transactions and safety protections would be delayed or impossible to conduct.

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 millions of beneficial transactions and activities that are detailed in the attached paper. In short, this paper rebuts the central premise of the bills that all data providers are alike and are a net negative cost to subjects of the records. We urge a more nuanced and balanced approach.

Taxes on Data Is Troubling Double Taxation

We are concerned that these bills will lead to double taxation in several ways, but particularly in that they will tax public information. Taxpayers already pay for the creation of a public records system. The cost of getting copies of those public records is paid by the person getting access to them at the marginal cost of the copy and sometimes greater than marginal cost. So, the public records system is paid for by taxes and user fees and should be exempt from these bills. It is a public good. To tax it again when it is repurposed for legal and societally beneficial purposes is an offense to the very notion of public records. They belong to the people, not the government. The government is the custodian for this public good. Public records should be freely used after they are accessed or copied for any legal purpose at the discretion of the user. If a business or person uses them and makes an income, they will pay taxes on that income that in turn supports the Maryland State government. Imposing a data tax on public records and all other information sales to other entities will result in a pancaking or pyramid effect of taxing inputs and later taxing income derived from the inputs. This is neither fair or sound economic policy considering all the beneficial uses of data and public records and how much a healthy economy depends on the free and frictionless flow of that information.

Taxing Data Will Have Ripple Effects and Unforeseen Consequences

The economy is dependent on inputs of resources and labor. Changes in the availability or price of those inputs have ripple effects across the economy. Information has the additional unique position of helping to create demand and efficiently satisfying that demand. To tax a critical resource like data is just asking for trouble. There should be economic modeling done to determine the impact of this on the Maryland economy. Such a model may well show that the revenue from such a tax would be dwarfed by the loss in business income and revenue from the effects of the tax. Further, raising the cost of a common input like data by adding extra taxes will raise the cost of goods and services across the board. It also has rippling cost multiplier effect of raising costs by a larger amount than the tax itself as so many entities use data provider's services.

Conclusion:

In closing, please consider that the persons and businesses affected by this legislation provide numerous valuable, critical, and innovative services to Maryland residents and businesses. A tax on data is a major policy change and deserves more study and consideration than the current process allows. Double taxing and impeding the flow of data and especially public information is troubling and the detrimental effects will be substantial.

Thank you for your consideration of our input.

Richard J. Varn

Executive Director

Coalition for Sensible Public Records Access

San Antonio, TX

Email: cspra@cspra.org

Cell : (515)229-8984

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