



House Economic Matters Committee

House Ways and Means Committee

February 25, 2025

House Bill 1089 – *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 House Bill 1089.

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.

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