



February 21, 2025

RE: Letter in Opposition to Maryland HB 1089

Dear Chair Wilson, Vice Chair Crosby, and Members of the House Economic Matters Committee:

On behalf of our industries, we write to oppose Maryland HB 1089. We provide this letter to offer our non-exhaustive list of concerns about this bill. HB 1089 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 House Committee on Economic Matters.

As some of the nation's leading trade associations, we collectively represent thousands of companies across the country. These companies range from small businesses to household brands. We would welcome the opportunity to engage with the Committee further on the non-exhaustive list of issues with HB 1089 outlined here.

I. HB 1089's Registration Requirement Will Not Provide Meaningful Consumer Protections

HB 1089 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 companies in HB 1089'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 state—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, but will rather serve as a repository of 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. HB 1089's Proposed Tax Would Impede the Benefits Data Brokers Provide to the Maryland Economy

If enacted, HB 1089 would impose a monthly severance tax on data brokering by data brokers. The tax could be levied on virtually every business in Maryland, as many businesses responsibly use third-party to reach new consumers and compete. 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 469,000 jobs in Maryland were related to the ad-subsidized Internet in 2020.¹ 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.² 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.

The tax would also impact small and mid-size businesses the most, as HB 1089 would apply to all companies equally regardless of size. The data driven marketplace contributes 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 HB 1089 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 HB 1089 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 in advance for your consideration of this letter.

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¹ *Id.* at 135-136.

² Deloitte, *The French Digital Services Tax – An Economic Impact Assessment* (March 22, 2019)