

**HB1089-EPIC-fav-Feb2024.pdf**

Uploaded by: Caitriona Fitzgerald

Position: FAV

February 21, 2025

The Honorable C.T. Wilson  
House Economic Matters Committee  
Room 231  
House Office Building  
Annapolis, MD 21401

Dear Chair Wilson and Members of the Committee:

EPIC writes in support of HB 1089, 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.<sup>1</sup> 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 HB 1089 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.<sup>2</sup> EPIC has a long history of advocating for safeguards and rules to limit the harms caused by data brokers.<sup>3</sup>

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<sup>1</sup> 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>.

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

<sup>3</sup> 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.<sup>4</sup> 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, HB 1089 contains no penalty for data brokers who fail to register. States

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<sup>4</sup> 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.<sup>5</sup> 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.<sup>6</sup> Last year, National Public Data was breached, exposing the personal data of 2.9 billion people, including Social Security Numbers.<sup>7</sup> 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 HB 1089 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

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<sup>5</sup> 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>.

<sup>6</sup> 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>.

<sup>7</sup> 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>.

**HB1089\_Solomon\_FAV.pdf**

Uploaded by: Jared Solomon

Position: FAV

JARED SOLOMON  
Legislative District 18  
Montgomery County

DEPUTY SPEAKER PRO TEM

Appropriations Committee

*Subcommittees*

Chair, Oversight Committee  
on Personnel

Capital Budget

House Chair, Joint Audit and  
Evaluation Committee



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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**HB 1089 - Building Information Guardrails Data Act of 2025  
(Data Brokers – Registry and Gross Income Tax)  
February 25, 2025 – House Economic Matters Committee**

Chair Wilson, Vice Chair Crosby, and colleagues,

Thank you for your consideration of House Bill 1089 - 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.

HB 1089 addresses the growing role of data brokers by introducing much-needed regulation and transparency. Data brokers, companies that collect, analyze, and sell personal data, have built a lucrative industry, generating millions, if not billions, in revenue by buying and selling individual information. However, 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.<sup>1</sup> 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) 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 consumer's knowledge. While the FTC took action against Kochava, the case did not prevent other data brokers from engaging in similar exploitative practices. Building off the tremendous work of this committee to pass groundbreaking data privacy legislation last year, we must

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<sup>1</sup> 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>.

continue to act to hold these companies accountable and ensure they contribute to the communities from which they profit.

HB 1089 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.<sup>2</sup> We believe the 6% tax on data brokers' profits could generate significant revenue, which would go directly to establish a new Privacy Protection and Enforcement Unit in the Office of the Attorney General, support the Blueprint fund, the Consortium for Coordinated Community Supports, and more.

Currently, there is no federal law regulating data brokers, but states like Vermont and California have already started to act. 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.<sup>3</sup> 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.

HB 1089 achieves this by:

**1. Imposing a 6% tax on data broker profits.**

- a. 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.
- b. Directs the greater of 35% of the profits or \$120 million to the Consortium for Community Supports Partnership in the Blueprint to strengthen Maryland's education system.
- c. The remaining funds will support the Blueprint General Fund.

**2. 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.

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<sup>2</sup> Building Information Guardrails Data Act of 2025, S.B. 409

<sup>3</sup> 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](https://www.next-now.org/sites/default/files/2023-03/Data%20brokerage%20tax_0.pdf)

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. HB 1089 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 HB 1089.**



**HB1089\_NICB\_DeCampos\_FWA.pdf**

Uploaded by: Eric De Campos

Position: FWA



February 21, 2025

The Honorable C.T. Wilson and Members of the Committee  
House Economic Matters Committee  
Maryland House of Delegates

RE: HB 1089 – Data Brokers

Dear Chair Wilson 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.

House Bill 1089 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 HB 1089 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](mailto: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

# **HB 1089 CPD Favorable with Amendment.pdf**

Uploaded by: Hanna Abrams

Position: FWA



**CAROLYN A. QUATTROCKI**  
*Chief Deputy Attorney General*

**LEONARD J. HOWIE III**  
*Deputy Attorney General*

**CARRIE J. WILLIAMS**  
*Deputy Attorney General*

**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*

February 25, 2025

TO: The Honorable C.T. Wilson, Chair  
Economic Matters Committee  
  
The Honorable Vanessa E. Atterbeary, Chair  
Ways and Means Committee

FROM: Hanna Abrams, Assistnat

RE: House Bill 1089– Data Brokers – Registry and Gross Income Tax  
(Building Information Guardrails Data Act of 2025) (SUPPORT WITH  
AMENDMENT)

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The Consumer Protection Division of the Office of the Attorney General supports House Bill 1089 (“HB 1089”), sponsored by Delegate Solomon, with amendments. House Bill 1089 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**

House Bill 1089 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 amendments to HB 1089 are 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 Economic Matters Committee and Ways and Means Committee to issue a favorable report on HB 1089 with the amendments discussed.

cc: Members, Economic Matters Committee  
Members, Ways and Means Committee  
The Honorable Jared Solomon

**HB1089 - CSPRA - UNF .pdf**

Uploaded by: Caitlin McDonough

Position: UNF



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## 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](mailto:cspra@cspra.org)

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*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, commercial, and societal benefit.*

# **HB1089\_UNF\_MTC\_Data Brokers - Registry & Gross Inc**

Uploaded by: Drew Vetter

Position: UNF



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.

**For more information call:**

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

**MDCC\_HB 1089\_Unfavorable .pdf**

Uploaded by: Grason Wiggins

Position: UNF

## House Bill 1089

Date: February 25, 2025  
Committee: Economic Matters  
**Position: Unfavorable**

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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.

House Bill 1089 (HB 1089) directly targets a broad array of businesses, violates key tax policy principles, and reduces Maryland's competitiveness with surrounding jurisdictions. The 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. As a result, 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 adjacent industries like the insurance sector that relies upon data for their operations.

Maryland's corporate income tax already applies to the activities of data brokers doing business in the State, which means that HB 1089 would impose a second tax on activities that are already being taxed. Maryland's "economic nexus" approach allows the state to impose corporate income tax without a physical presence. As a result, businesses already subject to the proposed gross receipts tax are already taxed under the corporate income tax. Further, 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.

The proposed data broker gross income tax in HB 1089 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 includes any business that buys or receives data.

The Maryland Chamber is concerned that HB 1089's establishment of a data broker registry, the introduction of a data broker gross income tax, and the broad definition of "data brokers" will result in unnecessary and burdensome costs for Maryland businesses. For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report on HB 1089**.

# **02212025 Opposition to Maryland HB 1089 Data Broke**

Uploaded by: Leonore Heavey

Position: UNF



**Officers, 2024-2025**

**Mollie L. Miller**  
Chair  
*Fresenius Medical Care  
North America*

**Jamie S. Laiewski**  
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**Stephen J. LaRosa**  
*Alexion Pharmaceuticals, Inc.*

**Jonathan M. Mieritz**  
*Corteva Agriscience*

**Toni Mincic**  
*Lumen Technologies*

**John H. Paraskevas**  
*Exxon Mobil Corporation*

**Michael R. Raley**  
*VF Corporation*

**Patrick A. Shrake**  
*Cargill, Incorporated*

**Kyle Snedaker**  
*Conagra Brands, Inc.*

**Andrew H. Solomon**  
*Stagwell, Inc.*

**Beth L. Sosidka**  
*AT&T Services, Inc.*

**Archana Warner**  
*Constellation Energy  
Corporation*

**Leonore F. Heavey**  
*Senior Tax Counsel*  
(202) 484-5221  
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February 21, 2025

**Via MyMGA**

Delegate C. T. Wilson, Chair  
Delegate Brian M. Crosby, Vice Chair  
House Economic Matters Committee  
Maryland General Assembly

Re: Opposition to HB 1089 Data Broker Gross Income Tax

Dear Chair Wilson, Vice Chair Crosby, and members of the House Economic Matters 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.<sup>1</sup> 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:

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<sup>1</sup> 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.<sup>2</sup>*

*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.<sup>3</sup>*

The proposed tax in HB 1089 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**

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

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

<sup>3</sup> 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.<sup>4</sup>*

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 a data broker 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

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

**v2\_[MD] HB 1089\_Data brokers\_TechNet.pdf**

Uploaded by: margaret durkin

Position: UNF



**TECHNET**  
THE VOICE OF THE  
INNOVATION ECONOMY

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

February 21, 2025

The Honorable C.T. Wilson  
Chair  
House Economic Matters Committee  
Maryland House of Delegates  
230 Taylor House Office Building  
6 Bladen Street, Annapolis, MD 21401

*RE: HB 1089 (Solomon) - Data Brokers - Registry and Gross Income Tax (Building Information Guardrails Data Act of 2025) – Unfavorable*

Dear Chair Wilson and Members of the Committee,

On behalf of TechNet, I'm writing to share concerns on HB 1089, 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 HB 1089 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 HB 1089 do not match up with the Maryland Online Data Privacy Act. For example, HB 1089 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 exempts consumer reporting agencies as defined by the Fair Credit Reporting Act, when several of those entities are, in fact, some of the best-known data brokers. Accordingly, the bill needs to clarify that only FCRA activities are actually exempt. 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 HB 1089'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 HB 1089. Thank you for your consideration of our concerns and please don't hesitate to reach out with any questions.

Sincerely,

*Margaret Durkin*

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

**Letter in Opposition to MD HB 1089.pdf**

Uploaded by: Travis Frazier

Position: UNF



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.<sup>1</sup> 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.<sup>2</sup> 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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<sup>1</sup> *Id.* at 135-136.

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



# **Letter in Opposition to MD HB 1089.pdf**

Uploaded by: Travis Frazier

Position: UNF



February 21, 2025

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Thank you in advance for your consideration of this letter.

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<sup>1</sup> *Id.* at 135-136.

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

**HB 1089 - LOI.pdf**

Uploaded by: Matthew Dudzic

Position: INFO

**Letter of Information**

**House Bill 1089 – Data Brokers – Registry and Gross Income Tax (Building Information  
Guardrails Data Act of 2025)**  
*Economic Matters Committee*  
*February 25, 2025*

The Office of the Comptroller is respectfully submitting this letter of information regarding House Bill 1089 (HB1089), Data Brokers – Registry and Gross Income Tax (Building Information Guardrails Data Act of 2025). HB1089 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 Delegate Solomon for working with our office and accommodating our requested implementation timeline for the creation of a new tax. HB1089 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](mailto:MDudzic@marylandtaxes.gov).

