



**TECHNET**  
THE VOICE OF THE  
INNOVATION ECONOMY

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January 28, 2025

The Honorable Vanessa Atterbeary  
Chair  
House Ways and Means Committee  
131 Taylor House Office Building  
6 Bladen Street  
Annapolis, MD 21401

*RE: HB 414 (Martinez/Young) - Health and Taxation - Digital Social Media Services and the Mental Health Care Fund for Children and Youth – Unfavorable*

Dear Chair Atterbeary and Members of the Committee,

On behalf of TechNet, I'm writing to share our concerns with HB 414 relating to a proposed digital social media services tax.

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 is vigilant against vague, overbroad, unnecessary, harmful, or hostile laws and regulations that stifle innovation. TechNet also 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 such as online platforms where individuals can offer and pay for goods, services, or shared resources. We are also committed to providing safe, age-appropriate experiences online for young people.

We are concerned that HB 414 unfairly taxes certain industries over others. "Digital Social Media Service" is defined broadly and could be construed to include more online platforms and websites than intended. There are numerous internet platforms that meet the user and gross revenue thresholds, but have a primary purpose that is not social. While the exemption list provided in 7.7-101.(D)(2) seeks to limit the definition accordingly, it is imprecise. Given this, the bill will

inadvertently impose an unreasonable tax burden on a wide range of peer-to-peer platforms and technology companies.

This type of punitive tax policy aimed at a single industry would likely discourage companies of all kinds from innovating, investing, and locating in the state. A tax on these services would likely cause the costs to trickle down to consumers as businesses would have to increase costs to cover this new tax on business. Like similar taxes passed in the state of Maryland, this mandate would likely be litigated in court, leading to more legal costs for the state and businesses.

Advertising on these platforms is helpful to grow businesses and Maryland businesses depend on digital advertising to keep customers informed of their offerings, hours, and more. This tax and broad applicability would complicate the current advertising structure. Additionally, there is a lack of detail on what the Mental Health Care Fund for Children and Youth will specifically do with the proposed funds. This raises many questions as to what exactly funds will be put towards and who will ultimately benefit.

Mental health, especially for young people, is a complex issue with many variables. Our member companies support policies that help prepare young people to be a successful part of a global, interconnected, and technology-driven economy. Such policies include supporting digital learning resources and technology integration in student learning environments, fully funded K-12 education, and rigorous computer science standards. We believe that there are many ways to address youth mental health; however, taxing a specific industry is not the answer. For the above reasons, we are opposed to HB 414. Thank you for the opportunity to share our concerns on this issue.

Sincerely,



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