

February 27, 2020

Dear Maryland Legislator,

On behalf of the undersigned organizations and businesses, representing a diverse coalition of nonprofit organizations and Maryland small businesses, we write to express our serious concerns regarding Senate Bill 2 and House Bill 0695, the "Digital Advertising Gross Revenues-Taxation" bills. If adopted, this tax would significantly impact digital advertising within the state of Maryland, hurting our ability to sustain and grow our businesses.

Senate Bill 2 and House Bill 0695 would create a new tax on digital advertising revenues of companies with more than \$100 million in global revenue. The tax could reach as high as 10 percent of revenues. The bills violate the Permanent Internet Tax Freedom Act and are constitutionally suspect.

Even if the legal maladies could be solved, this onerous tax should not be adopted. These bills are crafted to tax large companies that host digital advertising, but their impact will not be felt simply by those firms. Instead, Maryland-based small businesses and nonprofit organizations, such as ours, will feel the pinch.

Any tax on digital advertising will be passed on to companies and organizations seeking out Maryland audiences online, like ours. That means higher prices for digital advertising to consumers in our state, leaving us to feel the real pain of the tax.

Digital advertising is essential. It empowers groups and businesses like ours to compete in a difficult marketplace. By advertising our stores, our products, our restaurants, and our missions, we can compete with large, global entities to create jobs for Marylanders and advance our missions improving the Old Line State.

We understand the importance of funding education in the state of Maryland, but imposing unconstitutional taxes on digital advertising should not be a solution. For the sake of our organizations and small businesses, we hope that you reject this poorly constructed proposal.

Sincerely,

National Taxpayers Union
Maryland Chamber of Commerce
127 Creative
360 Your Business
American Advertising Federation of
Baltimore
Americans for Tax Reform
Antietam Broadband
Baltimore Business Journal
Bubble Social Media Marketing
Care Net Pregnancy Center of Frederick
Catherine Foundation Pregnancy Resource
Center
Commercial Insurance Managers, Inc
Devaney & Associates
Herrmann Advertising

High Rock Studios
Hulu
Landmark Digital
Laura's Eyes Photos
Manning Media Inc
Millennium Marketing Solutions
New North
Orange Element
Pink Dog Digital
RCI Custom
REJ & Associates, Inc
Saunders Tax and Accounting
SMiles Media
SysTech Networks, LLC
The Alternative Board
Total Tax Service
TSL Karaoke Entertainment