



*The Senate of Maryland*  
ANNAPOLIS, MARYLAND 21401-1991

**SB 787 – Digital Advertising Gross Revenues Tax – Exemption and Restriction**

Testimony of Senate President Bill Ferguson

On February 17, 2021

Before the Budget and Taxation Committee

**Why This Bill Matters:**

Massive technology corporations have ballooned in influence over the last two decades. Over that time, innovative companies and platforms have grown in their ability to monetize personal data for targeted advertising. While Maryland is a state that fosters innovation, we must ensure that it is done in a way that maximizes individuals' potential. As more people shop, consume news, and generally engage online, these companies' profits will continue to grow exponentially.

Right now, the growth of these companies has resulted in negative externalities socialized and borne by the public. In order for a more efficient and fair marketplace to exist in this new media environment, externalities created by private actors' actions must be borne by that actor. At the federal level, there has been conversation about antitrust laws, or targeted regulatory action. That is a discussion for a different forum.

Over the last year, Maryland led the nation in creating a Digital Advertising Tax on the gross revenues of big tech companies that use Marylanders' data without cost to address these externalities. In doing so, it has come to our attention that the bill inadvertently included certain media and broadcast companies. Our intent was not for media and broadcast organizations to bear those costs.

Further, we want to make explicitly clear that the giant technology companies profiting off user data are unable to pass the cost of the Digital Ad Tax onto small business consumers.

**What This Bill Does:**

Senate Bill 787 exempts media and broadcast companies from the bill. In addition, the bill prohibits a company from directly passing on the cost of the tax through a separate fee, surcharge, or line-item. This would not make these companies unable to profit, rather it would make them responsible for their own costs.

We are asking the committee to amend this bill to make it Emergency, so this can take effect as quickly as possible.

**Why You Should Vote For This Bill:**

We passed the Digital Ad Tax to ensure that our largest technology companies that benefit from free, personal user data pay their fair share towards building our State's civic infrastructure. This corrective bill makes certain those companies impacted by the Digital Ad Tax cannot pass down the costs, and media and broadcast companies will be excluded as originally intended.

Thank you for your consideration of Senate Bill 787 and I urge the committee to move this bill with a favorable report, amended to make this bill an emergency measure.