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February 20, 2024

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

RE: HB 1067 (Feldmark) - Digital Advertising Gross Revenues Tax - Assessments - Appeals and Corrections.

Dear Chair Atterbeary and Members of the Committee,

On behalf of TechNet, I'm writing to offer comments on HB 1067 as it relates to the digital advertising tax appeals process.

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 4.2 million employees and countless customers in the fields of information technology, e-commerce, the sharing and gig economies, advanced energy, cybersecurity, venture capital, and finance. TechNet has offices in Austin, Boston, Chicago, Denver, Harrisburg, Olympia, Sacramento, Silicon Valley, and Washington, D.C.

TechNet 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.

Under existing Maryland law, taxpayers seeking to appeal a notice of assessment or denial of a refund claim for most taxes administered by the Comptroller can request an informal hearing before the Hearings and Appeals Section of the Comptroller's Compliance Division. When the digital advertising tax ("DAT") was enacted, the existing law was not updated to include the DAT under the types of tax appeals that can be reviewed by Hearings and Appeals. The Comptroller interprets the omission to mean that DAT appeals are outside the permitted scope of review by Hearings and Appeals and must go directly to the Maryland Tax Court. HB 1067 would update existing Maryland law to correct the omission. As a result, taxpayers could

appeal a DAT assessment or refund denial by going through the informal Hearings and Appeals process rather than by going to the Maryland Tax Court.

Updating the rules for challenging liability for the DAT to align with the administrative procedures for challenging most other Comptroller-administered taxes would standardize and simplify the appeals process for taxpayers. By utilizing an administrative remedy, taxpayers can avoid incurring the significant costs and burdens associated with litigating routine DAT appeals that can be more efficiently resolved at the administrative level. Providing an administrative appeal process will also alleviate the state's overburdened judicial resources by removing routine DAT appeals from the Maryland Tax Court's already congested docket.

Thank you for your work on this important issue. Please let me know if you have any questions.

Sincerely,

Margaret Durkin

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