

Reject the Advertising Tax in HB 1515!



HB 1515 would expand the definition of “taxable service” in the state of Maryland to include nearly every industry, including advertising. The House Ways and Means Committee should reject this overly broad approach and protect the enormous benefits advertising provides Maryland’s businesses and consumers.

ADVERTISING TAXES ARE HARMFUL AND SHOULD BE REJECTED. The Maryland House Ways and Means Committee should carefully reconsider and reject efforts to tax any form of advertising. Doing so only hurts consumers, sends a strong counterproductive anti-business signal, results in lost jobs, is harmful to small businesses, and creates additional significant hurdles for economic growth and recovery in Maryland. HB 1515 would impose millions of dollars in annual taxes on advertising in the state.

BAD FOR EMPLOYERS, ESPECIALLY SMALL BUSINESSES. The tax would adversely impact many Maryland employers. While burdening nearly all companies that advertise, the tax likely will be especially backbreaking for small companies and community media.

ADVERTISING TAXES WILL CAUSE JOB LOSSES. Advertising supports 518,000, or 22.1%, of jobs in the state, according to the international economics firm IHS Markit (based on an economic model by a Nobel laureate in economics). Further, the study indicated that advertising drives \$135.9 billion in economic activity in Maryland. Any tax on advertising would inevitably cause job loss and economic harm.

ADVERTISING TAXES HURT CONSUMERS. The extraordinary current economic pressures make it impossible for Maryland businesses to absorb this tax. Passing the tax to consumers will increase costs to consumers and lead to a double tax for most products in the state.

ADVERTISING TAXES WILL HINDER ECONOMIC RECOVERY. Businesses of all sizes rely on advertising to reach and attract customers. Imposing a tax on advertising will increase advertising costs, hurting businesses’ ability to showcase new products and services. Increased advertising costs also result in increased costs for consumers.

JOB KILLER/SALES TAX UNDERMINED. Business and service industries in Maryland already are struggling to survive and recover from the severe adverse double blows of the pandemic and extensive high levels of inflation among many sectors. Adopting this tax will substantially burden marketing, which drives job creation and sales revenue in the state.

AN ENFORCEMENT AND REGULATORY NIGHTMARE. Due to the complexity, scope and diversity of advertising activities within the State and the substantial levels of advertising generated outside the state but received in Maryland, regulatory enforcement will be extremely difficult, complicated, time-consuming and expensive.

ADVERTISING TAXES BROADLY REJECTED IN THE U.S. More than 100 advertising tax proposals have been put forward in more than 40 states and localities in the past five decades. With one exception currently being challenged in the courts, each has been uniformly rejected or abandoned as economically unsound and counterproductive. The Legislature should reject this proposal, as well.