The Advertising Coalition (TAC) advocates for the protection of advertising from taxation and content restrictions. Its members include the national trade associations that represent newspapers, broadcasters, cable operators and program networks and content providers, magazines, advertisers, internet companies, advertising agencies and broadcast and cable networks. TAC was organized following congressional deliberations on the 1986 Tax Reform Act. Our members formed the Coalition with a shared objective – to oppose executive and legislative efforts to tax advertising or to restrict advertising content.

The challenge to advertising remains today. As the Trump Administration and the 115th Congress developed the Tax Cuts and Jobs Act of 2017 (TCJA), senior Administration officials and members of the Congressional tax-writing committees confirmed that the business deduction for the cost of advertising was a prime candidate for revenue to help pay for the reductions in corporate and individual tax rates. The history with the TCJA affirms that advertising will be an option when tax revenue is needed in the future.

Tax reform in the 113th Congress threatened advertising. Former Ways and Means and Finance Committee Chairs, Rep. Dave Camp (R-MI) and Sen. Max Baucus (D-MT), elected to place a $169 billion tax on advertising. This was the first formal and public congressional proposal to tax advertising. It would have diverted resources from our nation’s broadcasters and cable programmers and operators, magazine and newspaper publishers, and websites that provide the public with essential national, regional and local news.

The Advertising Coalition has worked with Nobel Economists to demonstrate the contribution advertising makes to the U.S. economy and why a tax on advertising is not supported by the economic evidence. TAC asked Dr. Lawrence R. Klein, 1980 Nobel Laureate in Economics, to prepare a landmark economic study that demonstrates to Congress and the Executive Branch the central importance of advertising to the functioning of the U.S. economy. Dr. Klein’s research provided the basis for IHS Economics & Country Risk Solutions, a leading international economic modeling and analytics firm, to measure the impact of advertising on U.S. economic activity and job creation. Their research shows that economic activity stimulated by advertising generates nearly 20 million of the 142 million jobs in the United States and accounts for $5.8 trillion, or 16 percent, of the country’s $36.7 trillion total economic output.

In a seminal economic paper prepared for The Advertising Coalition, “An Economic Analysis of the Tax Treatment of Advertising Expenditures,” two Nobel Laureates in economics, Dr. Kenneth Arrow and Dr. George Stigler, explained why advertising is critical to product development and price competition, as well as to the entry of new businesses into the U.S. marketplace. Arrow and Stigler concluded that "proposals to change the tax treatment of advertising are not supported by the economic evidence."