

## Maryland HB 732 and SB 787 SHOULD NOT be included in the Council of State Governments 2022 Shared State Legislation Docket

The companies and organizations listed below request the Shared State Legislation Committee EXCLUDE Maryland HB 732 and SB 787 from CSG's the 2022 SSL list. Neither of these bills meet the criteria as established by the committee.

**The bills do not address a current state issue of national or regional significance:** The Maryland legislature enacted the digital advertising gross revenues tax to generate revenue to fund recommendations from the state's Kirwan Commission, a local purpose specific only to Maryland. The tax does not address any issue of national or regional significance.

**The bills would not provide a benefit to bill drafters:** The Maryland legislature, rather than fleshing out key provisions of the digital advertising gross revenues tax, punted to the Comptroller the task of filling in the gaps. These bills would be of little use to legislative staff in other states because they create more questions than answers.

**The bills do not provide a clear, innovative, and practical structure and approach:** As noted above, the Maryland legislature left the development of key provisions to the Comptroller and provided the tax administrator with only vague guidance. The bills themselves are unclear and full of gaps. The Maryland Comptroller has a rulemaking process underway, but clear compliance and administrative guidance is unlikely, due to the overwhelming complexity of implementing this unprecedented tax. The lack of clarity in these bills and the impractical approach counsel against inclusion in the SSL Committee volumes.

**While Maryland enacted the tax, it has a delayed effective date, and its enforcement may be blocked by the courts for violating the U.S. Constitution.** While enacted in May over the Governor's veto, the legislature delayed the effectiveness of the tax created by HB 732 and SB 787 until 2022. Thus, it has yet to into effect, and may never become effective because pending litigation in the courts may block its enforcement for violating the U.S. Constitution. Neither taxpayers nor the Comptroller have any experience complying with or administering this novel and complex tax. The SSL Committee should not suggest that its members consider legislation from another state that may never become effective.

