



Members of the DC Tax Revision Committee,

On behalf of our member organizations, we are writing to once again express our strong opposition to your consideration of a data excise tax.

Within the last year, our coalition, led by Americans for Digital Opportunity, has sent multiple letters to the Commission to publicly state our strong opposition to proposals that would tax digital advertising and consumer data.

While we are appreciative that efforts to implement a data excise tax were not advanced earlier this year, we are disheartened to learn that members of the Commission are once again considering a similar proposal.

With good reason, when a proposal was discussed in January, it raised significant resistance from the DC small business community and numerous trade associations, press associations, and others who do business in the District. Its fate was the same as a 2020 proposed advertising tax on local media outlets and journalists which failed to become law.

These examples make it clear: businesses operating in Washington DC do not have an appetite for tax increases.

Nothing has changed, this new proposal sends the same anti-business message to the rest of the country about Washington D.C. Any business with a loyalty rewards program, restaurants that offer reservations, independent newspapers, political entities on both sides of the aisle, and others would be subjected to this tax. This is not an exhaustive list, and many other businesses and D.C. residents will be impacted in other, numerable ways.

This tax will inevitably lead to higher costs for consumers. However, for local small businesses, these taxes will force a more challenging choice – either significantly raising consumer prices, reducing services, laying off staff, or worse. While the new proposal's raised threshold means that many small businesses will not be directly implicated, those businesses rely heavily on purchasing third-party data to reach new consumers. The proposed data tax will result in businesses of all

sizes facing increased costs when working within the data driven economy to expand their businesses.

These taxes would have a detrimental impact on the local economy - burdening established businesses with new costs and dissuading businesses and entrepreneurs from relocating or growing in the Nation's Capital.

The proposed data excise tax is the antithesis of the Commission's stated goal of recommending policies that would grow and retain jobs. We understand and appreciate the effort to raise revenue. However, driving businesses of all sizes and untold investment amounts out of the Capital City - especially when it can least afford it – is not the right recipe for growth.

We appreciate the important role of the Tax Revision Commission. However, we strongly hope that the Commission will refrain from advancing a data excise tax, which has already faced tremendous backlash.

Respectfully submitted,

Americans for Digital Opportunity (ADO)
Association of National Advertisers (ANA)
American Advertising Federation (AAF)
American Association of Advertising Agencies (4As)
Connecticut Broadcasters Association
CCIA – Computer and Communications Industry Association
COST – Council on State Taxation
Exhibitions and Conferences Alliance
Insights Association
Internet Coalition
Maryland DC Delaware Broadcasters Association
MPA – Motion Picture Association
NCTA – The Internet and Television Association
News Media Alliance
New York State Broadcasters Association
TechNet
Taxpayers Protection Alliance