



October 11, 2023

Joint Committee on Revenue
Attn: Ryan Sterling
24 Beacon St
Boston, MA 02133

Re: S. 1892 - An Act taxing the mental health impacts of social media.

Dear Co-Chair Moran, Co-Chair Cusack, and Members of the Joint Committee on Revenue:

On behalf of the Computer & Communications Industry Association (CCIA), I write to respectfully oppose S. 1892, An Act taxing the mental health impacts of social media.

CCIA is an international, not-for-profit trade association representing a broad cross-section of communications and technology firms¹. While recognizing that policymakers are appropriately interested in the digital services that make a growing contribution to the U.S. economy, proposals such as S. 1892 require study, as they may raise constitutional concerns and risk having broad economic impacts.

Taxing the collection of consumer data raises serious concerns regarding administrative feasibility.

Determining how to count the number of consumers applicable under the tax would pose significant technical difficulties and confusion. The bill specifies that the tax applies to entities collecting data from a resident of Massachusetts based on their primary residence address. However, in order to determine whether or not a consumer's primary residence is within the Commonwealth, businesses would need to collect additional sensitive data on their users in order to make such a determination. This could include sensitive information, such as geolocation information, in order to track and verify a consumer's primary residence address. This would have massive data privacy implications, and may conflict with data minimization principles.

The creation of a data tax may unintentionally negatively impact consumers.

S. 1892 would establish a tax on all entities who collect Massachusetts residents' data which would likely end up negatively impacting consumers, as the additional costs imposed on businesses would likely be passed down. For example, many businesses in the restaurant, hospitality, and retail sectors collect information about their customers for billing purposes and to provide customers with communications about deals and promotions, and provide them with the benefits of their reward

¹ For 50 years, CCIA has promoted open markets, open systems, and open networks. CCIA members employ more than 1.6 million workers, invest more than \$100 billion in research and development, and contribute trillions of dollars in productivity to the global economy. A list of CCIA members is available at <https://www.ccianet.org/members>.



programs. Providing such a service to consumers requires the collection of certain data and therefore would subject much of these key industries to this tax. It is foreseeable that businesses would then pass on the costs associated with the implementation of this tax to consumers via higher rates or more-limited services.

Similar proposals to tax electronic commerce in other states have raised serious constitutional questions.

S. 1892 would lead to the creation of a tax that would largely target online services, which is important as that raises constitutional concerns related to the Commerce Clause. Court rulings on similar previously enacted laws have found that similar laws violated the Commerce Clause as these types of taxes on electronic commerce impose a great tax liability on businesses that participate in interstate commerce and maintain an out-of-state presence².

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We appreciate the Committee's consideration of these comments and stand ready to provide additional information as the legislature considers proposals related to technology policy.

Sincerely,

Alex Spyropoulos
Regional State Policy Manager, Northeast
Computer & Communications Industry Association

² Comcast v. Comptroller of Maryland, No. C-02-CV-21-000509 (Md. Cir. Ct. 2022)