

Reject An Ad Tax in Nebraska!



ADVERTISING TAXES ARE HARMFUL AND SHOULD BE REJECTED. The Nebraska legislature should reject efforts to tax any form of advertising. Such taxes only hurt Nebraska consumers, send a strong anti-business signal, result in job losses, are harmful to small businesses, and create significant hurdles for economic growth in the state. The proposals included in LB 388 would impose millions of dollars in annual taxes on advertising in the state.

BAD FOR NEBRASKA EMPLOYERS, ESPECIALLY SMALL BUSINESSES. The tax would adversely impact many Nebraska employers. While burdening nearly all companies that advertise, the tax is expected to be especially backbreaking for small businesses seeking to attract new customers and promote new products and services.

ADVERTISING TAXES WILL CAUSE JOB LOSSES. Advertising supports over 208,000 jobs, or 18.9%, 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 \$39.5 billion in economic activity in Nebraska, supporting 1 out of every 75 Nebraska jobs. Any tax on advertising would inevitably cause job losses and economic harm for Nebraskans.

ADVERTISING TAXES HURT CONSUMERS. Given the serious economic challenges facing Nebraska businesses, the negative impacts of this proposed tax would be strongly felt by Nebraskans. Passing the tax on to consumers will increase costs for Nebraskans and lead to a double tax for most products in the state.

ADVERTISING TAXES WILL HINDER ECONOMIC RECOVERY. Nebraska employers rely on advertising to reach and attract customers. Imposing a tax will increase advertising costs, hurting businesses' ability to successfully navigate the economic challenges being felt across the country.

AN ENFORCEMENT AND LITIGATION 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 Nebraska, regulatory enforcement will be extremely difficult, complicated, time-consuming and expensive. Additionally, this proposal is ripe for litigation as it violates both the Internet Tax Freedom Act and the Commerce Clause of the Constitution. Passing this tax will eventually contribute to budget deficits in Nebraska as this revenue is likely to never reach the state's coffers.

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 over the past five decades. With one exception currently being challenged in state and federal court, each has been uniformly rejected or abandoned as economically unsound and counterproductive. The Nebraska Legislature should reject this proposal, as well.