

AMERICANS FOR DIGITAL OPPORTUNITY ANA aaf american advertising federation aaf american advertising federation sacramento

aaf district 14 3fold A's ccia Computer & Communications Industry Association Open Markets. Open Systems. Open Networks.

CONSUMER CHOICE CENTER CBA CONNECTICUT BROADCASTERS ASSOCIATION COST COUNCIL ON STATE TAXATION INTERNET COALITION MPA NATIONAL TAXPAYERS UNION

NetChoice

May 3, 2024

The Honorable Steve Glazer
Chair, California Senate Committee on Revenue and Taxation
State Capitol, Room 407
Sacramento, CA 95814

Dear Senator Glazer:

On behalf of our member organizations, we are writing to you to express our strong opposition to SB 1327 which seeks to implement a “data mining fee” to support local journalism. While well intended, this bill represents what is essentially a tax on data driven advertising. The economic implications of such a tax would be abundant and extremely harmful to California’s many small businesses.

This proposal and others like it are extremely misguided. Proponents of these taxes argue that they would only affect a handful of “big tech” companies but the truth is much different and hits much closer to home. If enacted, they would affect nearly every single small business and “mom and pop” shop that operates in California.

Over the last decade, the American economy has been transformed by digital advertising and data. Small businesses are now able to compete and grow into worldwide brands as a direct result of the reach it affords them. Digital advertising and data levels the playing field for entrepreneurs, local brick-and-mortar shops, and family-owned businesses to expand their customer base.

There is hardly a business in existence today that does not use some kind of digital advertising and data. As reported in the [Washington Post](#), by the end of this year, digital accounts for more than two thirds of all advertising spending in the United States.

Taxing digital advertising and data is not a new idea and the consequences are well known. Exhaustive research and common business experience proves that, if enacted, companies will simply pass this tax on to their consumers in the form of higher prices for services. A [study](#) commissioned by Deloitte analyzing a French Digital Services Tax proposal, that included a tax on digital advertising, found that only five percent of the total tax burden would be borne by targeted companies, with consumers and smaller businesses using digital platforms bearing the vast majority.

Making matters worse, small businesses and entrepreneurs are still recovering from the global pandemic and the lagging effects of runaway inflation. The last thing that they need right now is to be burdened with new taxes.

For these reasons, our organizations strongly oppose this “data mining fee”. We encourage members of the California Senate Committee on Revenue and Taxation to do the same and reject this proposal.

California’s economy is the largest by GDP for any state in the country, and the fifth largest in the world. The state offers a variety of attractive options for ambitious students, entrepreneurs, and aspiring small business owners. While a thriving fourth estate is vital, supporting it through additional funding should not break the backs of California’s small business community.

Respectfully submitted,

Americans for Digital Opportunity (ADO), Deb Peters
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American Advertising Federation (AAF), Clark Rector
American Advertising Federation - Sacramento, Kurt Thigpen
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3 Fold Communications, Christie Pierce
American Association of Advertising Agencies (4A's), Alison Pepper
Computer & Communications Industry Association (CCIA), Khara Boender
Consumer Choice Center, Yael Ossowski
Connecticut Broadcasters Association, Michael Ryan
COST – Council on State Taxation, Stephanie Do
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Motion Picture Association (MPA), Melissa Patack
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