



May 19, 2026

Re: Coalition Opposition to SB 3353/HB 4894 – Digital Advertising Tax

Dear Members of the Illinois General Assembly:

On behalf of the undersigned organizations representing a broad cross-section of businesses and industries, we write to express our opposition to SB 3353/HB 4894, which would impose a new tax on digital advertising services in Illinois.

While we recognize the state's ongoing fiscal challenges, taxing digital advertising is a misguided approach that would have far-reaching consequences for Illinois businesses, consumers, and the broader economy.

First, a digital advertising tax functions as a tax on a core business input. Businesses of all sizes rely on digital advertising to reach customers, grow their operations, and compete in an increasingly digital marketplace. Increasing the cost of these tools will disproportionately impact small and medium-sized businesses, which depend on cost-effective digital channels to remain competitive. These increased costs will ultimately be passed along to consumers.

Second, proposals like SB 3353/HB 4894 raise serious legal concerns. Taxes that single out digital advertising risk violating the federal Internet Tax Freedom Act (ITFA), which prohibits discriminatory taxes on electronic commerce. Similar efforts in other states have faced significant legal challenges, creating uncertainty for taxpayers and states alike.

Third, the tax is unlikely to produce stable or meaningful revenue. Ongoing litigation in other states demonstrates that these policies can take years to resolve and may ultimately require states to refund collected taxes with interest—undermining the intended fiscal benefits.

Finally, imposing a tax on digital advertising would add complexity to an already challenging business environment. Because digital advertising operates across state lines, state-specific tax regimes risk creating a patchwork of inconsistent requirements that increase compliance burdens and discourage investment in Illinois.

For these reasons, we respectfully urge you to reject SB 3353/HB 4894. We appreciate your consideration and welcome the opportunity to engage further on policies that support a strong and competitive Illinois economy.

Sincerely,

Americans for Digital Opportunity
Computer & Communications Industry Association
Illinois Broadband & Cable Association
Illinois Chamber of Commerce
Illinois Hotel & Lodging Association
Illinois Manufacturers Association
Illinois Restaurant Association
Illinois Retail Merchants Association
NetChoice
Software Information Industry Association
TechNet