



TECHNET
THE VOICE OF THE
INNOVATION ECONOMY

TechNet Northeast
774.230.6685
Boston, MA
www.technet.org

February 26, 2025

The Honorable Marvin Abney, Chair
House Finance Committee
Rhode Island General Assembly
Providence, RI 02903

Re: HB 5076 Article 5, Section 17 – Digital Advertising Tax

Dear Chair Abney and members of the Committee:

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.5 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance. TechNet has offices in Austin, Boston, Chicago, Denver, Harrisburg, Olympia, Sacramento, Silicon Valley, Tallahassee, and Washington, D.C.

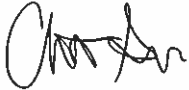
I write to express TechNet's strong opposition to the proposed 10% tax on digital advertising revenues in the Governor's budget proposal. This type of punitive tax policy would likely discourage companies of all kinds of companies from innovating, investing, and locating in the state.

Rhode Island businesses depend on digital advertising to keep customers informed of their offerings, hours, and more. In a time when small business budgets are stretched to the breaking point, the last thing the state should consider is increasing the cost to reach their customers. Arizona, Iowa, and Florida each passed broad advertising taxes years ago. Each state later repealed the tax because it hurt their local economy and was impossible to administer.

In 2021, the Maryland Legislature, despite the strong objections of thousands of local businesses, overrode the Governor's veto to impose a tax exclusively on digital advertising. The bill was swiftly challenged in court for clear violations of federal law and the US Constitution and the litigation continues on multiple fronts today. If Rhode Island is to follow suit and pursue a discriminatory tax on digital advertising, budget writers would be wise to avoid building in any anticipated revenues pursuant to this tax for this or any subsequent Fiscal Year until the clear legal deficiencies are adjudicated.

Thank you for your consideration. We ask that the Legislature reject this proposal and instead build a budget on a foundation of real, tangible revenues.

Sincerely,



Christopher Gilrein
Executive Director, Northeast
TechNet
cgilrein@technet.org