



Reject the Ad Tax!

As representatives of every segment of the ad community we oppose any tax on advertising because:

ADVERTISING TAXES ARE HARMFUL AND SHOULD BE REJECTED. The Connecticut legislature should carefully reconsider and reject an advertising tax, which hurts consumers, sends a strong counterproductive anti-business signal, will result in lost jobs and especially harm small businesses, and creates additional significant hurdles for economic recovery in Connecticut. These proposals would impose tens of millions of dollars in annual taxes on advertising and data use in the state.

ADVERTISERS ALREADY PAY TAXES IN CONNECTICUT Advertisers are effectively taxed under the State's corporation business tax because the State's broad economic nexus standards and market sourcing rules already address the issue of taxing advertisers and digital service-based businesses. Such ad revenue is already fully taxed in Connecticut.

BAD FOR EMPLOYERS, ESPECIALLY SMALL BUSINESSES. The tax adversely impacts virtually every employer in the state of Connecticut. While burdening all companies that advertise, the tax likely will be especially backbreaking for small companies and community media.

ADVERTISING TAXES WILL CAUSE JOB LOSSES. Advertising supports 288,333, or 17.2%, of jobs in the state, according to international economics firm IHS Markit (based on an economic model by a Nobel laureate in economics). Further, the study indicated that advertising drives \$89.1 billion in economic activity in Connecticut. Any tax on advertising would inevitably cause job loss and economic harm.

ADVERTISING TAXES HURT CONSUMERS. The extraordinary current economic pressures make it impossible for Connecticut businesses to absorb this tax. Passing the tax to consumers will create a double tax for most products in the state already facing some of the highest sales taxes in the US.

ADVERTISING TAXES WILL HINDER ECONOMIC RECOVERY. Employers rely on advertising and data to reach and attract customers. Imposing a tax will increase advertising costs, hurting businesses' ability to recover from the economic crisis.

JOB KILLER/SALES TAX UNDERMINED. Business and service industries in Connecticut already are struggling to survive and recover from the severe adverse double blows of the pandemic and the virtually unprecedented economic downturn. Adopting this tax will substantially burden marketing, which drives job creation and sales revenue in the state- according to research by Harvard Business School professor John Deighton, the ad-supported internet ecosystem has doubled its contribution to jobs in the state twice since 2008.

AN ENFORCEMENT AND REGULATORY NIGHTMARE. Due to the complexity, scope and diversity of advertising and data activities within the State and the substantial levels of advertising generated outside the state but received in Connecticut, regulatory enforcement will be extremely difficult, complicated, time-consuming and expensive. It will also be subject to extensive and costly litigation.

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



Internet Association



OUTDOOR ADVERTISING ASSOCIATION OF CONNECTICUT, INC.

