

July 22, 2020

Council of the District of Columbia  
1350 Pennsylvania Avenue, NW  
Washington, D.C. 20004

Dear Councilmembers:

Magazine media is a vital source of information, engagement and entertainment for readers. Magazine advertising has proven a lifeline for businesses connecting with consumers during the challenges of a pandemic and economic downturn.

MPA – the Association of Magazine Media writes to urgently oppose the Advertising and Personal Information Tax Amendment Act which would depress advertising revenues needed to restore the District's economy and jobs and threaten the future of local journalism.

**Simply put, this proposal will hurt District businesses and the local economy, and it jeopardizes the future of journalism in the District.**

- **Hampers Economic Recovery.** In the current public health crisis, access to curated, accurate reporting has never been more important. Yet the proposed sales tax on traditional and digital advertising and personal information would have a disproportionate and devastating impact on media and journalism outlets, including magazines.

During the COVID-19 crisis, magazines have provided critical information to the District's communities and helped local businesses – small and large – continue to reach their customer base and rebuild the District's economy.

Even before the current crisis, our industry has been challenged, and we've struggled to fund reporting through increasingly narrow profit margins. With the pandemic and economic crisis worsening the challenging economic climate for journalism, the addition of a significant new tax, especially one that would be difficult, if not impossible to accurately administer, could prove disastrous for journalism outlets – with local media operations feeling the greatest hit.

- **Overly Burdensome to Implement.** Implementation of the proposed tax on advertising and the sale of personal data would create significant tracking, accounting and compliance burdens for media organizations. The need to divert resources to compliance and financial tracking would result in reduced ability to support editorial staffing. The proposed tax would expedite the loss of local journalism jobs.

- **Disproportionate Impact on Local Media.** The proposed tax would put local publishers at a disadvantage in competing against media outlets outside the District, which could further drive business out of the District and into the surrounding region. Many local publishers have already relocated across the river, and the proposed tax could force an additional exodus of local news outlets.

**The proposed tax also imperils the District’s economic recovery and the local businesses that rely on advertising to sustain their businesses.**

- **Cuts off a vital lifeline for local businesses.** In an economic downturn like this one, advertising in magazine media can be a lifeline for local businesses seeking to reach consumers. Each of the District’s identified core sector industries (hospitality & tourism, higher education, health care/life sciences, and professional services) are heavily reliant on advertising.

The proposed tax would defer advertising that is critical to the stabilization and recovery of the District’s economy.

Consider the aggregate impact on the District’s economy if local businesses significantly reduce advertising in our media outlets for tourism campaigns, restaurant openings, return to school enrollment drives, available health services, or new employee recruitments. With local businesses already struggling, an additional complicated tax burden will stifle economic recovery efforts.

**The proposed tax would hurt our readers and your constituents.**

- **Pass-through to consumers.** The likely outcome of a sales tax applied to advertising would be a pass-through of the tax onto local businesses, and from local businesses onto their customers. There would be double taxation on products and services that consumers purchase in the District, as the economic downturn further tightens margins and makes it hard for companies to absorb increased costs in advertising, resulting in increased prices that ultimately hit the pocketbooks of consumers in the District.

For the well-being of journalism, for local businesses, for your constituents, we urge you to reject the Advertising and Personal Information Tax Amendment Act in favor of other funding avenues.

Sincerely,

Emily Emery  
MPA – The Association of Magazine Media  
Director, Digital Policy