

REJECT THE AD TAX

AD AND DATA TAXES ARE HARMFUL AND SHOULD BE REJECTED. The Council should carefully reconsider and reject this proposal, 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 DC. The Council has acted without holding any hearing, analysis, or public discussion on this proposal, which would impose tens of millions of dollars in annual taxes on advertising and data use in the District.

SWEEPING COVERAGE. The tax will increase the business cost of planning, creation, placing and display of advertising in print, broadcast, and digital media in virtually every aspect of the advertising process and business operations.

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

AD AND DATA TAXES WILL CAUSE JOB LOSSES. Advertising supports 149,579 jobs, or 19.9% of all jobs in the District, according to international economics firm IHS Markit (based on an economic model by a Nobel laureate in economics). Further, IHS Markit warns that, in addition to the lost jobs and economic activity already caused by the pandemic, the proposed ad tax threatens the near-term loss of nearly 4,000 more jobs and additional job losses as the tax remains.

AD AND DATA TAXES HURT CONSUMERS. The extraordinary current economic pressures make it impossible for D.C. businesses to absorb this tax. Passing the tax to consumers will create a double tax for most products in DC.

AD AND DATA 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 DC 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 District.

AN ENFORCEMENT AND REGULATORY NIGHTMARE. Due to the complexity, scope and diversity of advertising and data activities within the District and the substantial levels of advertising generated outside the city limits but received in DC, regulatory enforcement will be extremely difficult, complicated, time-consuming and expensive.

AD TAXES BROADLY REJECTED IN THE US. More than 100 tax proposals have been put forward in more than 40 states and localities in the past five decades. Each one has been uniformly rejected or abandoned as economically unsound and counterproductive. The Council should reject this proposal, as well.

For additional information, please contact:

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