



# Maryland's Digital Advertising Tax Debacle

## 2019-2021: From Proposal to Enactment

- May 6, 2019: Professor Paul Romer writes a *New York Times* op-ed urging states to tax ad-supported free digital services, to encourage paywall-based models
- Jan. 9, 2020: Maryland Senate President introduces the bill and invites Romer to testify in support
- Feb. 25, 2020: Maryland Attorney General warns the tax may be unconstitutional and violate the federal Internet Tax Freedom Act (ITFA)
- Mar. 18, 2020: Maryland's Legislature approves the tax as they mass-pass 500 bills before adjourning due to COVID-19 pandemic: 2.5-10% tax on companies making \$100m+
- May 7, 2020: Governor Hogan vetoes the bill
- Feb. 12, 2021: Maryland's Legislature overrides the veto, and adjusts effective date from Jan. 1, 2021 to Jan. 1, 2022

## 2021-Now: Litigation in Federal Court

- Feb. 18, 2021: U.S. Chamber of Commerce challenges tax in federal court, alleging violation of due process, interstate commerce, First Amendment, and ITFA
- Mar. 4, 2022: Judge rules that most arguments should be raised in state court but asks for argument on the First Amendment
- Dec. 2, 2022: Judge dismisses case as moot
- Jan. 10, 2024: Federal 4th Circuit appeals court reverses judge, reinstating case
- Jul. 3, 2024: Judge rules that the tax does not substantially burden the First Amendment
- May 2025: Federal 4th Circuit to hear argument on appeal

## 2021-Now: Litigation in State Court

- April 15, 2021: Comcast and other companies file suit
- Oct. 17, 2022: State judge strikes down tax, saying it targets out-of-state companies by taxing global revenue
- May 9, 2023: Maryland Supreme Court reverses, saying Comcast must exhaust administrative remedies first
- Aug. 23-Nov. 9, 2023: Four companies file refund claim, beginning administrative remedy process
- Nov. 18, 2024: Maryland Tax Court hears arguments

**Revenue Projected:**  
\$250 million a year

**Actual Collections:**  
~\$90 million a year, but all subject to refund if state loses lawsuit