



Officers, 2024-2025

Mollie L. Miller
Chair
*Fresenius Medical Care
North America*

Jamie S. Laiewski
Vice Chair
Charter Communications

Karen DiNuzzo-Wright
Secretary & Treasurer
Walmart Inc.

Michael F. Carchia
Immediate Past Chair
Capital One Services, LLC

Robert J. Tuinstra, Jr.
Past Chair
Corteva Agriscience

Arthur J. Parham, Jr.
Past Chair
Entergy Services, LLC

Amy Thomas Laub
Past Chair
Nationwide Insurance Company

Patrick J. Reynolds
President
Council On State Taxation

Directors

Madison J. Barnett
The Coca-Cola Company

C. Benjamin Bright
HCA Healthcare, Inc.

Lani J. Canniff
Ameriprise Financial, Inc.

Susan Courson-Smith
Pfizer Inc.

Kathryn S. Friel
Entergy Services, LLC

Damian B. Hunt
Amazon

Laura James
Kimberly-Clark Corporation

Jeffrey A. Langer
The Home Depot

Stephen J. LaRosa
Alexion Pharmaceuticals, Inc.

Jonathan M. Mieritz
Corteva Agriscience

Toni Mincic
Lumen Technologies

John H. Paraskvas
Exxon Mobil Corporation

Michael R. Raley
VF Corporation

Patrick A. Shrake
Cargill, Incorporated

Kyle Snedaker
Conagra Brands, Inc.

Andrew H. Solomon
Stagwell, Inc.

Beth L. Sosidka
AT&T Services, Inc.

Archana Warner
*Constellation Energy
Corporation*

Leonore F. Heavey
Senior Tax Counsel
(202) 484-5221
lheavey@cost.org

March 3, 2025

Via MyMGA

Senator Guy Guzzone, Chair
Senator Jim Rosapepe, Vice Chair
Senate Budget and Taxation Committee
Maryland General Assembly

Re: Support for SB 605 – Digital Advertising Gross Receipts Tax Appeals

Dear Chair Guzzone, Vice Chair Rosapepe, and members of the Senate Budget and Taxation Committee:

On behalf of the Council On State Taxation (COST), I am writing in support of Senate Bill 605, which would establish an appeals process for taxpayers who are subject to the digital advertising gross revenues tax (DAGR). Although COST maintains the position that the DAGR is unsound tax policy and violates the core tax policy principles of transparency, fairness, and economic neutrality and should be repealed, we also advocate for fair, efficient, and customer-focused tax administration. As long as the DAGR remains on the books, Senate Bill 605 is a necessary step in improving the fairness of Maryland’s tax administration.

About COST

COST is a nonprofit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of approximately 500 major corporations engaged in interstate and international business, many of which have operations in Maryland. COST’s objective is to preserve and promote equitable and nondiscriminatory state and local taxation of multistate business entities.

COST Supports Fair Tax Administration

The Council On State Taxation (COST) has long monitored and commented on state tax administration and tax appeals processes. Part of that effort has resulted in the regular publication of a scorecard ranking the states, “The Best and Worst of State Tax Administration.”¹ Our focus is on the states’ adoption of procedural practices that impact the fairness of states’ laws and regulations for the administration and appeal of state tax matters. The Scorecard is *not* a commentary on the agencies that

¹ See *The Best and Worst of State Tax Administration COST Scorecard on State Tax Appeals & Procedural Requirements*, <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/cost-2023-admin-scorecard---final-draft-combined.pdf>.

administer the states' tax laws, but rather an objective evaluation of the procedural practices adopted by state policymakers that impact the fairness of states' tax administration laws and regulations.

In December 2023, COST released its most recent administrative scorecard. One of the issues that negatively impacts Maryland's current score is the inability of taxpayers to request an administrative appeal from the Comptroller to protest the Digital Ad Gross Receipts Tax. Senate Bill 605 corrects this issue by applying the administration and appeals process available for other taxes collected by the Comptroller to the DAGR.

Conclusion

Thank you for the opportunity to provide this Committee with COST's rationale for supporting Senate Bill 605. We urge a favorable report on S.B 605.

I welcome any questions or requests for information by the Committee to aid in its consideration of this measure and other measures that will improve Maryland's tax administration climate.

Respectfully,

A handwritten signature in blue ink that reads "Leonore Heavey". The signature is written in a cursive style and is enclosed in a thin black rectangular border.

Leonore F. Heavey
Senior Tax Counsel

CC: COST Board of Directors
Patrick J. Reynolds, President and Executive Director
Brooke Lierman, Comptroller of Maryland