



Reject the DC Ad and Data Tax

The Washington, DC City Council is considering the Advertising and Personal Information Tax Amendment Act of 2020 (B23-760 & 761, Title VII, Subtitle L), which would add a 3 percent tax on the sale of personal information (defined extremely broadly) and on advertising.

AD AND DATA TAXES ARE HARMFUL AND SHOULD BE REJECTED

The City 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 definition of personal information is so broad as to likely include the sale of *any* data, not just data traditionally understood to be personally identifiable.

Businesses rely on data to understand the wants and needs of their consumer base. The new tax on data sales would increase the business cost of planning and decision-making, disincentivizing the marketing research and data analytics essential to economic recovery and the return of lost jobs.

JOB KILLER: BAD FOR EMPLOYERS, ESPECIALLY SMALL BUSINESSES

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 and services in DC.

The tax would adversely impact virtually every employer in the District of Columbia and will likely be especially backbreaking for small companies, non-profits and community media.

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 and insights generated outside the city limits but received in DC, regulatory enforcement will be extremely difficult, complicated, time-consuming and expensive.

ECONOMICALLY UNSOUND

Prior attempts in other jurisdictions to tax data sales have been rejected as economically unsound. According to the Council on State Taxation (COST), "this proposal primarily targets services consumed by businesses, not those consumed by households, and it does not provide an exemption for business inputs." Economic principles dictate that "an ideal sales tax should tax household consumption and not business inputs."

THE INSIGHTS ASSOCIATION OPPOSES THE DC AD AND DATA TAX

The Insights Association's members are the world's leading producers of intelligence, analytics and insights defining the needs, attitudes and behaviors of consumers, organizations, employees, students and citizens. With that essential understanding, leaders can make intelligent decisions and deploy strategies and tactics to build trust, inspire innovation, realize the full potential of individuals and teams, and successfully create and promote products, services and ideas.