

NetChoice *Promoting free expression and free enterprise on the net*

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RE: ***Opposition to HB 5645 – An Act Providing a Tax on Social Media Provider Companies***

We ask that you not move forward with HB 5645 as there are severe legal flaws in the bill that would expose Connecticut citizens to expensive and wasteful legal proceedings.

HB 5645 includes a facial violation of the federal Internet Tax Freedom Act (“ITFA”), 47 U.S.C. § 151. ITFA explicitly prohibits discriminatory taxes on internet services and transactions.

HB 5645 is facially discriminatory since it imposes this new tax only on social media advertising, and not on other forms of advertising such as billboards, magazines, newspapers, radio, and television. An action to enjoin HB 5645 is likely to prevail, and thus the anticipated tax revenues from this bill are not likely to be realized. In addition, a lawsuit is currently underway with regard to a very similar bill in Maryland.

At the very least, Connecticut should wait until that lawsuit is finished before risking its own efforts and resources on advancing a bill that will likely face the same fate.

More importantly, the resulting tax burden would fall on many Connecticut businesses who are now advertising on social media platforms to find new customers, at a time when both businesses and customers are struggling under COVID-based restrictions.

We therefore ask that you not move forward with HB 5645, since it is very likely to be enjoined and ultimately overturned by the courts.

Sincerely,

Carl Szabo
Vice President and General Counsel, NetChoice
NetChoice is a trade association promoting free expression and free enterprise. netchoice.org