

Confusing Proposals to Tax Personal Data Threaten Access to Journalism

Taxes on the use of personal data unfairly target news media entities, are difficult and costly for businesses to administer, and disrupt services valued by consumers.

THE ISSUE

Some state legislatures are considering legislation that would impose a tax on the income derived from the use of personal data. News media entities, including magazine publishers, use advertising and other expected practices that utilize personal data to tailor and enhance the consumer experience, fund public interest investigations and reporting, keep subscriptions affordable, and sustain the cost of journalism and publishing in a changing media landscape.

Proponents of taxes on the use of personal data focus their arguments on the financial impact to large advertising platforms, but the costs of these taxes to businesses are compounded by unprecedented and confusing reporting requirements, unclear subject determinations and attribution ratios that have not been considered in other tax models.

A BETTER SOLUTION

Alternate revenue raisers that don't threaten access to journalism. If lawmakers do move forward with a tax on the use of personal data, the legislation should:

Exempt news media. Maryland's digital advertising tax includes an explicit exemption for "news media entities" and a prohibition on the pass-through of fees by advertising platforms.

Target undesirable data practices. The bill should exclude trusted first-party data practices in favor of focusing on non-transparent, unexpected, or potentially harmful data practices.

Clearly define applicability calculations. To minimize the economic harm on small and medium-sized businesses, lawmakers should: increase thresholds of consumers subject to the tax, exempt data collected for a business purpose – including journalism, exclude data provided directly by the consumer, and reject the use of IP address as a nexus determination.

THE TAKEAWAY

- ✓ The responsible use of personal data allows news media entities to provide valued services and content to readers, and it sustains public interest journalism.
- ✓ Taxes on the use of personal data threaten consumer access to critical news and media content.
- ✓ Lawmakers should reject personal data taxes or provide a news media entity exemption.

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