

# Reject the Ad Tax in HB 8!



**As representatives of every segment of the ad community we oppose any tax on advertising because:**

**ADVERTISING TAXES ARE HARMFUL AND SHOULD BE REJECTED.** The Kentucky legislature should carefully reconsider and reject an advertising tax, which hurts consumers, sends a strong counterproductive anti-business signal, will result in lost jobs, be harmful to small businesses, and creates additional significant hurdles for economic recovery in Kentucky. These proposals included in HB 8 would impose tens of millions of dollars in annual taxes on advertising in the state.

**BAD FOR EMPLOYERS, ESPECIALLY SMALL BUSINESSES.** The tax adversely impacts virtually every employer in the state of Kentucky. While burdening all companies that advertise, the tax likely will be especially backbreaking for small companies and community media.

**ADVERTISING TAXES WILL CAUSE JOB LOSSES.** Advertising supports 208,525, or 10.7%, of jobs in the state, according to the international economics firm IHS Markit (based on an economic model by a Nobel laureate in economics). Further, the study indicated that advertising drives \$66.4 billion in economic activity in Kentucky which accounts to 15.6% of the state's economic output. Any tax on advertising would inevitably cause job loss and economic harm.

**ADVERTISING TAXES HURT CONSUMERS.** The extraordinary current economic pressures make it impossible for Kentucky businesses to absorb this tax. Passing the tax to consumers will create a double tax for most products in the state.

**ADVERTISING TAXES WILL HINDER ECONOMIC RECOVERY.** Employers rely on advertising to reach and attract customers. Imposing a tax will increase advertising costs, hurting businesses' ability to recover from the economic crisis created by the pandemic.

**JOB KILLER/SALES TAX UNDERMINED.** Business and service industries in Kentucky already are struggling to survive and recover from the severe adverse double blows of the pandemic and the virtually unprecedented economic downturn. Adopting this tax will substantially burden marketing, which drives job creation and sales revenue in the state.

**AN ENFORCEMENT AND REGULATORY NIGHTMARE.** Due to the complexity, scope and diversity of advertising activities within the State and the substantial levels of advertising generated outside the state but received in Kentucky, regulatory enforcement will be extremely difficult, complicated, time-consuming and expensive.

**ADVERTISING TAXES BROADLY REJECTED IN THE U.S.** More than 100 advertising tax proposals have been put forward in more than 40 states and localities in the past five decades. With one exception currently being challenged in the courts, each has been uniformly rejected or abandoned as economically unsound and counterproductive. The Legislature should reject this proposal, as well.

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