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A Look at Maryland's Proposed Digital Advertising Tax

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In mid-March, the Maryland legislature passed House and Senate bills that would impose a tax on gross revenues from digital advertising services. As of this writing, it is not clear if the governor will sign the bills into law, nor is it clear if the legislature would override a veto. Regardless of the ultimate outcome, the proposed digital advertising tax is worthy of study, both because of its novelty and because even if it is not enacted something similar may surface in the future in Maryland or elsewhere. This Shop Talk column will provide an overview of the proposed tax, highlight several of its potential constitutional defects, discusses potential sourcing challenges the tax could present, and also considers the tax's potential impact in other states.

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