



MEMORANDUM IN OPPOSITION

S.302 (Thomas)/A.734 (Rosenthal)

AN ACT to amend the tax law and the state finance law, in relation to sales tax on digital advertising; to amend the education law, in relation to zero interest undergraduate loan refinancing; and providing for the repeal of such provisions upon the expiration thereof

The Capital Region Chamber, representing 2,900 businesses and organizations from throughout the Capital Region that employ more than 160,000 area residents, opposes S.302/A.734, which would create a tax on digital advertising that would fund a zero-interest student loan refinancing program within the higher education services corporation (HESC).

This bill would create a digital advertising services tax revenue fund, in the custody of the state comptroller, to be used exclusively for providing zero interest refinancing of eligible education loans by HESC. According to the bill sponsors, only student loan borrowers who have been residents of New York State for at least twenty-four consecutive months, owe less than \$100,000 in student loans, and are current on their loan payments may apply. The maximum loan amount would be \$100,000 and the minimum loan amount would be \$3,000.

The Capital Region Chamber opposes this legislation for two primary reasons. The cost of higher education zero interest student loans should not be funded through yet another tax imposed by the State of New York. Considering the current fiscal crisis the state now faces due to the COVID-19 pandemic, this is not the time for the state to consider the imposition of a new tax. Importantly, this bill runs counter to the federal "Internet Tax Freedom Act"(ITFA) which prohibits state and local governments from imposing discriminatory taxes on electronic commerce. Since non-digital advertising services would remain exempt from the state sales and use tax under the provisions of this bill, this proposed new tax on digital advertising would clearly be a discriminatory tax and therefore prohibited under the ITFA.

For the above stated reasons, the Capital Region Chamber opposes this legislation.

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capitalregionchamber.com | 518.431.1400