

HOUSE No. 3208

The Commonwealth of Massachusetts

PRESENTED BY:

Francisco E. Paulino

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act establishing a sales tax on digital advertising services.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Francisco E. Paulino</i>	<i>16th Essex</i>	<i>1/17/2025</i>
<i>Margaret R. Scarsdale</i>	<i>1st Middlesex</i>	<i>3/11/2025</i>

HOUSE No. 3208

By Representative Paulino of Methuen, a petition (accompanied by bill, House, No. 3208) of Francisco E. Paulino and Margaret R. Scarsdale for legislation to establish a sales tax on digital advertising services. Revenue.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court
(2025-2026)**

An Act establishing a sales tax on digital advertising services.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. General Laws Amendment.

2 Chapter 64H of the General Laws is hereby amended by adding the following section
3 after Section 34:

4 Section 35. Sales Tax on Digital Advertising Services.

5 (a) Definitions. For purposes of this section, the following terms shall have the following
6 meanings:

7 "Digital advertising services," the sale or purchase of advertising space through digital
8 interfaces, including websites, mobile applications, and other internet-connected platforms.

9 "Purchaser," any individual, business, or entity paying for digital advertising services to
10 target users located within the Commonwealth.

11 "Vendor," any individual, business, or entity providing digital advertising services to
12 purchasers targeting users located within the Commonwealth.

13 "Taxable transaction," the sale of digital advertising services where the target audience is
14 determined to be located within the Commonwealth, based on the user's Internet Protocol (IP)
15 address, geolocation data, or another reasonable method for determining location.

16 (b) Imposition of Tax.

17 A sales tax is hereby imposed on the purchase of digital advertising services targeting
18 users located within the Commonwealth.

19 The tax rate shall be 6.25% of the gross sales price of the digital advertising service.

20 The tax shall be collected by the vendor at the time of the sale and remitted to the
21 Department of Revenue in accordance with the provisions of this chapter.

22 Transactions exempt from the sales tax under Chapter 64H, Section 6 shall also be
23 exempt from this tax.

24 Vendors with gross annual digital advertising sales below \$2,500,000 targeting users in
25 the Commonwealth shall be exempt from this tax.

26 SECTION 2. Allocation of Revenues.

27 (a) Administrative Costs.

28 Up to 5% of the total revenue collected under this section shall be allocated for
29 administrative costs associated with implementing, enforcing, and managing grant programs.

30 This allocation shall be distributed as follows:

31 The Department of Revenue may retain 1% for administering and enforcing the digital
32 advertising tax.

33 Each administering agency—Massachusetts Department of Telecommunications and
34 Cable, Massachusetts Department of Public Health (DPH), and Massachusetts Department of
35 Elementary and Secondary Education (DESE)—shall receive 1.33% each to manage their
36 respective grant programs, including technical assistance and program oversight.

37 (b) Delayed Appropriation.

38 The disbursement of grant funds shall be delayed by up to one fiscal year after the start of
39 revenue collection to ensure sufficient funds are accrued for program stability and initial
40 administrative setup.

41 During this period, the Department of Revenue shall establish necessary regulations,
42 systems, and interagency coordination frameworks to facilitate effective program
43 implementation.

44 (c) Allocation of Program Funds.

45 After accounting for administrative costs, the remaining 95% of the revenue shall be
46 allocated equally among the following three categories, with each receiving exactly one-third
47 (33.33%) of the total.

48 Local Access Television Programs:

49 Administered by the Massachusetts Department of Telecommunications and Cable,
50 grants shall support:

51 Increasing community media programming.

52 Enhancing production quality and digital capabilities.

53 Expanding access to diverse and inclusive programming.

54 Public Education Campaigns:

55 Administered by the Massachusetts Department of Public Health (DPH), grants shall

56 fund:

57 Evidence-based resources for parents, educators, and students.

58 Workshops and seminars in schools and communities.

59 Digital and print materials promoting mental health and safe social media use.

60 Research on Artificial Intelligence in Education:

61 Administered by the Massachusetts Department of Elementary and Secondary Education

62 (DESE), grants shall fund:

63 AI tools designed to address diverse learning needs.

64 Partnerships between public schools and research institutions.

65 Pilot programs for innovative technologies that improve learning outcomes.

66 (d) Technical Assistance.

67 Each agency shall allocate a portion of its administrative funding to provide technical
68 assistance to grant applicants, with an emphasis on supporting small organizations, underserved
69 communities, and rural areas.

70 (e) Utilization and Reallocation of Funds.

71 Allocated program funds must be utilized within two (2) years of disbursement.

72 Any unused program funds shall revert to the general allocation pool for redistribution in
73 subsequent years.

74 (f) Reporting Surplus Administrative Funds.

75 At the end of each fiscal year, each agency shall submit a report to the Department of
76 Revenue detailing how administrative funds were utilized. Any unspent administrative funds
77 shall be returned to the general allocation pool for redistribution.

78 SECTION 3. Effective Date.

79 This act shall take effect on January 1, 2027, with grant disbursements beginning no
80 earlier than January 1, 2028.