

SENATE No. 2004

The Commonwealth of Massachusetts

PRESENTED BY:

Dylan A. Fernandes

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 relative to taxation of digital advertising services.

PETITION OF:

NAME:

Dylan A. Fernandes

DISTRICT/ADDRESS:

Plymouth and Barnstable

SENATE No. 2004

By Mr. Fernandes, a petition (accompanied by bill, Senate, No. 2004) of Dylan A. Fernandes relative to taxation of digital advertising services. Revenue.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 2787 OF 2023-2024.]

The Commonwealth of Massachusetts

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

An Act relative to taxation of 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. Chapter 29 of the General Laws is hereby amended by inserting after
2 section 2KKKKK, as inserted by section 1 of chapter 254 of the acts of 2020, the following 2
3 sections:-

4 Section 2LLLLL. There shall be established and set up on the books of the
5 commonwealth a separate fund to be known as the Local Newspaper Trust Fund, hereinafter
6 referred to as the fund, for the purposes of aiding local businesses and promoting an informed
7 populace. The fund shall provide, without further appropriation, grants to newspapers: (i) with a
8 principal place of business within the commonwealth and (ii) circulation not exceeding 50,000
9 on weekdays. The secretary of housing and economic development shall administer the fund,
10 develop eligibility and application requirements and select grant recipients.

11 The fund shall consist of: (i) fifteen percent of revenue from the tax on digital advertising
12 services within the commonwealth as provided in subsection (d) of section 82 of chapter 63,
13 annually; (ii) interest earned on such revenues; and (iii) funds from public and private sources,
14 including, but not limited to, gifts, federal or private grants, donations, rebates and settlements
15 received by the commonwealth that are specifically designated to be credited to the fund.

16 No expenditure from the fund shall cause the fund to be in deficiency at the close of a
17 fiscal year. Monies deposited in the fund that are unexpended at the end of the fiscal year shall
18 not revert to the General Fund and shall be available for expenditure in the subsequent fiscal
19 year.

20 Section 2MMMMM. There shall be established and set up on the books of the
21 commonwealth a separate fund to be known as the Pre-K and After School Program Trust Fund.
22 The fund shall provide, without further appropriation, grants to the Massachusetts universal pre-
23 kindergarten program, early education and care programs and school-aged child care programs,
24 as defined in section 1A of chapter 15D. The commissioner of elementary and secondary
25 education and commissioner of early education and care shall administer the fund, develop
26 eligibility and application requirements and select grant recipients.

27 The fund shall consist of: (i) eighty-five percent of the revenue from the tax on digital
28 advertising services within the commonwealth as provided in subsection (d) of section 82 of
29 chapter 63; (ii) interest earned on such revenues; and (iii) funds from public and private sources,
30 including, but not limited to, gifts, federal or private grants, donations, rebates and settlements
31 received by the commonwealth that are specifically designated to be credited to the fund.

32 No expenditure from the fund shall cause the fund to be in deficiency at the close of a
33 fiscal year. Monies deposited in the fund that are unexpended at the end of the fiscal year shall
34 not revert to the General Fund and shall be available for expenditure in the subsequent fiscal
35 year.

36 SECTION 2. Chapter 63 of the General Laws, as appearing in the 2018 Official Edition,
37 is hereby amended by adding the following section:-

38 Section 82. (a) As used in this section the following terms shall, unless the context clearly
39 requires otherwise, have the following meanings:

40 “Digital advertising services”, advertisement services on a digital interface, including
41 advertisements in the form of banner advertising, search engine advertising, interstitial
42 advertising and other comparable advertising services.

43 “Digital interface”, any type of software, including a website, part of a website or an
44 application that a user may access.

45 “IP address”, a unique string of characters assigned to each device connected to a
46 computer network using the Internet Protocol for communication.

47 “User”, an individual who accesses a digital interface using a device with an IP address.

48 (b) There shall be assessed and levied in each calendar year an excise on the sale of
49 digital advertising services within the commonwealth on corporations or companies with revenue
50 from digital advertising services in excess of \$25 million per year within the commonwealth.
51 The excise shall be assessed at a rate equal to 5 percent of the corporation’s or company’s annual
52 revenue from digital advertising services within the commonwealth. A digital advertising service

53 shall be deemed to have been provided within the commonwealth if it is received on a user's
54 device having an IP address located within the commonwealth.

55 (c) Corporations or companies with revenue from digital advertising services in excess of
56 \$25 million per year within the commonwealth shall remit the excise described in subsection (b)
57 to the commissioner of revenue on a monthly basis.

58 (d) The commissioner of revenue shall deposit revenue from the excise described in
59 subsection (b) as follows: (i) fifteen percent of the annual revenue into the Local Newspaper
60 Trust Fund established in section 2LLLLL of chapter 29, annually; (ii) eighty-five percent of the
61 annual revenue into the Pre-K and After School Trust Fund established in section 2MMMMM of
62 said chapter 29; and (iii) any remaining funds into the General Fund established in section 2 of
63 said chapter 29.