

My name is Ellory Roske, I am a working mother of 3! My oldest is in kindergarten and attends after school care, my 3 year old attends a child care center part time, and I am currently home with my 2 month old thanks to the MN Paid Family and Medical Leave!

Growing a family is not as simple as it once was. To decide how many children we wanted and when to try to have them, we needed to consider the cost of childcare. In fact, it was the factor that weighed most heavily.

When my youngest begins childcare, our annual childcare costs will be \$37,040. (That is part time care, since we are lucky enough to have consistent family help.)

In addition to childcare, babies and kids require “stuff.” As a Minnesota resident, I pay taxes on a lot of that stuff. While diapers are not taxed in our state, diaper wipes are taxed. Baby shampoo, lotion, and sunscreen is taxable too.

But the companies advertising these products to me, the companies that “magically” find you the second you are pregnant, do not have to pay taxes on advertising services.

Too many elected officials understand the childcare crisis - they understand that we should be publicly funding childcare so that it is low cost or even no cost for families and so that teachers can earn wages on par with K-12 teachers. They even say they support funding childcare, but in the next breath they say, “There’s no money to do it.”

By simply including advertising services in Minnesota sales tax in HF4343, we could collect hundreds of millions of dollars. That says pretty clearly that there IS money for childcare, and for all of the other social services we know make our communities thrive.

Minnesota families are tired of excuses. We are tired of contributing to our communities and our state and being told that there isn’t any money to support high quality childcare or education, or making sure kids are fed and housed, when there is clearly money for tax breaks for wealthy companies.

A budget is a moral document. It shows where our priorities are. It is well past time to prioritize our kids and families over wealthy corporations who can more than afford to pay their fair share.

March 23, 2026

Representative Aisha Gomez, Co-Chair  
Representative Greg Davids, Co-Chair  
Minnesota House Tax Committee Members

Dear Co-Chair Gomez, Co-Chair Davids, and members of the Committee:

Clear Channel Outdoor is in strong opposition to H.F. 4343, which would impose sales tax on certain digital and non-digital advertisements.

Clear Channel Outdoor offers important marketing options to advertisers through billboards and digital out-of-home displays in the Twin Cities and throughout Minnesota. Businesses of all sizes utilize these marketing strategies to connect with consumers and to expand business growth. Our advertising provides cost-effective visibility that allows businesses to reach local, relevant audiences.

The imposition of a new sales tax on billboards and advertising will have a devastating effect on the cost of doing business in Minnesota. H.F. 4343 would have the direct effect of increasing costs on Minnesota businesses further eroding their economic competitiveness. Taxing advertising makes it more expensive for a business to market, which disproportionately harms small businesses who rely on advertising to reach new customers and compete with established companies. Furthermore, as businesses pass on these new taxes, consumers would ultimately bear the increased costs of higher prices for goods and services. These higher prices can stall growth, reduce sales, and lead to lower employment.

In singling out the advertising sector H.F. 4343 results in discriminatory taxation. Proposed new taxes on advertising raises serious potential conflicts with the application of the Commerce Clause and First Amendment of the U.S. Constitution.

Clear Channel Outdoor urges that the Committee oppose H.F. 4343.

Respectfully Submitted,



Daryl Hall  
SVP – Tax

CC: Representative Liz Lee





## H.F. 4343 (Lee) – Advertising Services Tax

Dear Chair Gomez, Chair Davids, and Members of the House Taxes Committee:

This letter respectfully expresses opposition to H.F. 4343. While the intent behind the proposal is understood, there are significant concerns regarding its potential impact on businesses and communities throughout the State of Minnesota.

First, imposing this tax on certain advertising service mediums, but not others, creates an uneven playing field and the appearance of favoritism. All lawful forms of advertising in Minnesota should be treated equally with respect to the taxes applied to the services provided. A tax structure that singles out certain advertising channels over others risks distorting the market and creating competitive disadvantages without a sound policy basis.

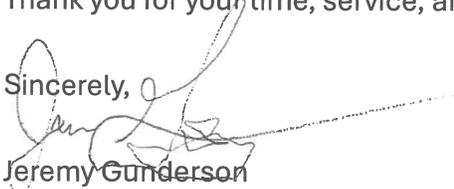
Second, the practical application of this proposal presents substantial administrative concerns. Advertising services are generally not separately itemized within the sales process. Instead, those services are typically bundled into the overall price. As a result, imposing a new tax on portions of those bundled services would require the creation of an entirely new accounting and compliance framework. That added burden would be inefficient, costly, and difficult to administer.

These concerns raise serious questions as to whether the legislation would achieve its intended objectives in an effective, equitable, and administrable manner. If the State chooses to pursue taxation in this area, any such approach should be structured in a way that applies uniformly and does not create artificial advantages or disadvantages among lawful participants in the advertising marketplace.

For these reasons, H.F. 4343 should be reconsidered, or at a minimum, substantially revised to address these issues. More balanced and practical alternatives exist for generating revenue without imposing inequitable treatment or unnecessary administrative burdens on a single segment of the advertising industry.

Thank you for your time, service, and thoughtful consideration of these concerns.

Sincerely,



Jeremy Gunderson

General Manager, Reagan Outdoor Advertising



March 25, 2026

**RE: HF 4343 (K. Lee) Advertising services tax**

Chair Gomez, Chair Davids, and members:

On behalf of Minnesota Retailers, thank you for the opportunity to share our perspective on HF 4343. We respectfully oppose this proposal.

HF 4343 (as amended) expands Minnesota's sales tax to include a broad range of advertising services, covering both digital and nondigital activity, along with services used to design, produce, and place advertisements. From a retail perspective, this approach raises several concerns.

First, this is a direct tax on a core business input. Advertising is not a luxury or optional expense for retailers. It is essential to communicating with customers, moving inventory, and competing in a fast-moving marketplace. Applying sales tax to these services increases the cost of doing business and reduces retailers' ability to invest in growth and customer engagement.

Second, this proposal introduces tax pyramiding. Advertising is part of the process of bringing goods to market—not the final consumer transaction. Taxing it means the same product is effectively taxed multiple times, once through business inputs and again at the point of sale. That undermines transparency and runs counter to sound tax policy principles.

Third, the scope of the bill creates real operational complexity. The definition of advertising services includes everything from in-store displays and signage to marketing strategy, design, and digital campaign management. This will require retailers to navigate new compliance requirements, system changes, and ongoing uncertainty around what is taxable. This burden that fall hardest on small and mid-sized businesses.

Fourth, this shifts Minnesota's tax structure in a way that impacts competitiveness. Retailers operate in an environment where consumers can easily compare prices across state lines and online. Increasing the cost of advertising—one of the primary tools retailers use to compete—puts Minnesota businesses at a disadvantage and risks shifting investment elsewhere.

Finally, while the bill includes a reduction in the sales tax rate from 6.5 percent to 6.375 percent, the overall effect is not a tax reduction. Instead, it broadens the tax base to include business-to-business transactions, generating additional revenue by taxing inputs rather than final consumption. From a retail standpoint, that is a fundamental shift with meaningful downstream impacts on pricing, investment, and operations.

Retailers succeed by delivering value to customers in a highly competitive environment. Policies that increase the cost of reaching those customers and layer additional complexity into daily operations work against that goal.

We appreciate conversations around our sales tax code, but HF 4343 moves in a direction that raises costs, increases complexity, and creates unintended consequences for Minnesota's retail community.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bruce Nustad', with a stylized, cursive flourish at the end.

Bruce Nustad  
president  
bruce@mnretail.org



minnesota broadcasters association

March 25, 2026

Dear Members of the Tax Committee,

The Minnesota Broadcasters Association (MBA) represents more than 300 local radio and TV stations and their related platforms across Minnesota. I write today to express the MBA's concerns about some provisions relating to broadcast advertising contained within H.F. 4343.

We support the intent of the language in H.F. 4343 that excludes services related to radio and television from the definition of "advertising services", and we want to make sure our local broadcasters are exempt from the tax. That distinction is important because advertising is the primary revenue stream that supports local broadcasters.

Advertising revenue funds the journalists who cover local communities, the meteorologists who warn Minnesotans about severe weather, the public safety information stations provide during emergencies, and the local sports that communities rally around. It also allows businesses across Minnesota to reach customers through trusted local media.

Many local news businesses are struggling, yet are continually innovating to meet audiences where they are. Minnesota broadcasters embrace new and emerging technology to stay connected with their communities and the businesses that partner with them to advertise. Today, they serve audiences both on-air and online, through websites, streaming, podcasts, apps, and social media, while continuing to deliver trusted local content free of charge to Minnesotans every day.

Broadcasters offer digital marketing tools alongside traditional advertising through search engine marketing, social media promotion, and website analytics. As H.F. 4343 moves forward, we would simply encourage continued clarity as media companies continue to adapt to provide more digital services and remain within the intended exemption so that services tied to advertising on a station platform are not unintentionally swept into the taxable definition.

Local advertising doesn't just support businesses, it's what makes local journalism possible in communities across Minnesota.

Thank you for your time and consideration.

Sincerely,

Wendy Paulson

President, Minnesota Broadcasters Association



March 24, 2026

Co-Chair Greg Davids  
House Taxes Committee  
2<sup>nd</sup> Floor Centennial Office Building  
St. Paul, MN 55155

Co-Chair Aisha Gomez  
House Taxes Committee  
5th Floor Centennial Office Building  
St. Paul, MN 55155

**RE:** HF 4343 Sales and Use Tax on Digital Advertising Services

Dear Chairs Davids and Gomez,

The Minnesota Cable Communications Association (MCCA) represents cable companies who are proud to serve residents of Minnesota in every corner of Minnesota. While MCCA's members might be best known for providing high-speed, reliable broadband connections to over 1.5 million residents in the metro, suburbs and rural Minnesota, digital advertising is also a major component of MCCA members' businesses. For this reason, we appreciate the opportunity today to share our concerns with HF4343, a bill that would create a harmful new hidden tax on Minnesota's digital economy. The proposed digital services tax is poorly designed, legally fraught, and certain to result in protracted litigation like similar proposals have in Maryland and Washington state. MCCA's comments are equally directed at the A5 amendment that revises the initial bill's definition of "advertising services."

### **A Stealth, Pyramiding Tax**

An axiom of sound tax policy should be government transparency—the taxpayer should know that it is paying the tax. HF4343 violates that axiom by taxing business inputs on digital advertising of services and goods that are sold online. HF4343 would tax nearly every conceivable input of digital advertisement—artwork, graphic design, video production, search engine optimization (SEO), advertising space, and services that track and measure the effectiveness of internet ads. And it would then also tax the resulting digital advertisement. With no applicable input exemptions (unlike the exemption for materials consumed in industrial production under Minnesota Statutes § 297A.68, subd. 2), the taxation of both digital advertising inputs and the digital advertising "output" creates a multiplying or "pyramiding" effect on the nominal tax rate. In other words, if HF4343 is enacted, by the time an ad runs online, it will have been taxed multiple times. But the purchaser of the ad won't know it is paying more than just the tax on the price of the ad it is purchasing. Instead, the inflated price of the ad will reflect the tax that is paid on all of the inputs that went into producing the ad.

This pyramiding effect of the proposed tax doesn't stop with the advertiser, however. Ultimately, the consumer of the good or service being advertised would be paying more for the good or service advertised.

### **An “Anti- Buy Local” Tax**

MCCA members produce a substantial amount of digital advertising, and they rely on many local vendors for that work – graphic artists, video production companies, marketing, and advertising firms that provide SEO, art direction, ad placement, and other services. Unlike for direct mail (see Minnesota Statutes § 297A.668, subds. 7 & 8), HF4343 has no specifically applicable geographic “sourcing” provisions. This means that taxpayers won't have clear guidance on when digital advertising inputs or outputs would be subject to sales tax in Minnesota. This lack of clarity will harm MCCA members and their local vendors. As purchasers of these advertising business inputs, our members may or may not be responsible for the tax dependent on whether the inputs are “received” at their “business locations.” If enacted, HF4343 will incentivize advertising producers to purchase inputs from vendors in other states in order to avoid the pyramiding taxes that would be created by HF4343. MCCA members are proud to “buy local” when in need of these advertising production inputs. Policy makers should be looking for ways to encourage digital advertisers to buy local and not send advertisers to other states or countries for those services.

### **A Tax that Encourages Vertical Integration**

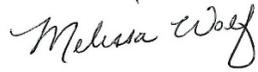
One way for firms to avoid paying the pyramiding effect of the proposed digital advertising tax, is to vertically integrate advertising operations. If firms buy up their vendors, taking that function in-house, those firms will no longer have to pay the tax to the producer of the inputs that it purchased. State tax policy should encourage a competitive small business climate and not provide an incentive for consolidation of the advertising sector into large, vertically integrated firms. Such consolidation would further disadvantage smaller companies in need of advertising inputs – with fewer vendors to choose from due to consolidation, less competition among vendors for those services will result in higher prices for small businesses that can't afford to vertically integrate.

### **An Unlawful, Discriminatory Tax**

While the opening words in subsection (a) of the A5 amendment's definition of an “advertising service” say that the tax would apply to “all digital and nondigital” advertising services, subsection (b) of the definition effectively exempts all non-internet-based advertising from the scope of the tax. Printed newspapers, periodicals, magazines, publishing, radio, and television broadcasting are all exempt. Ads and inputs to ads appearing on streaming services would be subject to the tax. The same ads appearing on broadcast television would be exempt. Thus, the proposed tax discriminates against internet advertising. If enacted, HF4343 would very likely be declared unlawful under the federal Internet Tax Freedom Act (ITFA), which prohibits taxes that discriminate against goods or services that are sold through online electronic commerce. Two states that have enacted similar digital advertising taxes, Maryland and Washington, have wound up defending lawsuits seeking to declare the digital advertising taxes illegal under ITFA.

These are just a few of the reasons that the digital advertising tax proposed by HF4343 is poor tax policy. MCCA urges the Committee to reject HF4343 and focus on tax policy initiatives that are transparent, non-pyramiding, pro-competitive, and non-discriminatory.

Sincerely,

A handwritten signature in cursive script that reads "Melissa Wolf". The signature is written in black ink and is positioned below the word "Sincerely,".

Melissa Wolf  
Executive Director, MCCA



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MINNESOTA  
NEWSPAPER  
ASSOCIATION

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**March 24, 2026**

**Re: HF 4343 (Lee – Advertising Services Tax Imposed)**

Dear Co-chair Gomez, Co-chair Davids and Members of the House Taxes Committee:

I write on behalf of the Minnesota Newspaper Association to express serious concerns about HF 4343, which would institute a tax on digital advertising services.

MNA represents more than 240 news publishers across the state, more than 90 percent of which operate online in addition to print. These news publishers range from very small, single-operator newspapers to the state's largest news publishers.

Feedback from our members affirms our belief that taxing digital advertising services as proposed in HF 4343 would have a devastating impact on Minnesota's news publishers, small and large, in Greater Minnesota and the metro area.

Digital advertising services provide a vital revenue stream to these newspapers, supporting their efforts to continue providing local reporting to Minnesota's communities. In addition to the obvious price inflation publishers would be forced to inflict on their advertisers under this tax – logically depressing demand for those services - digital advertising support is often bundled with exempted print services, creating business complexities that will result in lower ROI on these services for publishers.

The proposal also puts Minnesota publishers and advertising services businesses at a significant competitive disadvantage to similar businesses in other states.

Because the digital advertising industry is not confined by geography, advertisers and media buyers may easily bypass a Minnesota point-of-sale tax by turning to entities in other states for advertising services, design work and to purchase and place digital advertising – even in Minnesota-based publications.

Those outcomes would have a catastrophic impact on Minnesota's already at-risk local news landscape.

Further stressing this vital industry will degrade the tangible benefits of community-based journalism: lower taxes, better government, higher civic participation and stronger community engagement.

Additionally, we fear this measure would have a significant, negative follow-on impact to mainstreet Minnesota businesses. This bill would raise their cost of accessing skilled advertising and marketing support, logically resulting in less local and regional advertising. Less marketing means fewer sales, unnecessarily



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damaging the critical commerce that underpins our state's economy. Ultimately, that means lower tax revenues for Minnesota's state and local governments.

MNA would prefer to see a full review of potential impacts of the proposed tax on Minnesota newspapers and our state's critical local news ecosystem by lawmakers before action is taken on this proposal.

We appreciate your consideration of our concerns.

Sincerely,

**Lisa Hills**  
**Executive Director**  
**Minnesota Newspaper Association**