



TECHNET
THE VOICE OF THE
INNOVATION ECONOMY

TechNet Northwest | Telephone 206.326.0712
1102 A Street POB 445, Tacoma WA 98401
www.technet.org | @TechNet_NW

April 8, 2025

The Honorable Kayse Jama, Chair
Senate Committee on Rules
900 Court St. NE
Salem Oregon 97301

RE: SB 686 online platforms to compensate digital journalism providers or donate to a civic consortium.

Dear Chair Jama and Members of the Committee:

I appreciate the opportunity to explain why TechNet opposes SB 686, which your committee will be considering.

I am Rose Feliciano, Executive Director of Washington + Northwest for TechNet. TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.5 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance.

TechNet sees this proposal to tax one industry as problematic while the economy is in turmoil. Many industries are currently adjusting to rapidly changing landscapes – including the technology sector.

The proposed surcharge is a discriminatory tax on electronic commerce barred by the Permanent Internet Tax Freedom Act (PITFA). PITFA bars state taxes that discriminate against electronic commerce. A tax discriminates against electronic commerce if it is imposed on an online activity but not on similar activity occurring offline.

SB 686 violates PITFA because it singles out online platforms that allow users to post news related articles and photographs while exempting other online services like messaging apps and online gaming platforms. This differential treatment of similar online services, based solely on content or format, is discriminatory.

TechNet also believes SB 686 raises other constitutional concerns. The surcharge may face First Amendment challenges as a tax that affects access to and dissemination of news content, potentially constituting a content-based restriction subject to strict scrutiny. It may also violate the Commerce Clause by disproportionately burdening out-of-state digital platforms.

The struggles facing the news industry pre-date social media. First radio, then television and now the internet have changed people's habits and have had an impact on traditional news publishing. Data from S&P Global Market Intelligence shows the decline in daily

newspaper circulation that began long before the widespread adoption of the internet in the mid-1990s. In the US, classified ad revenue peaked in 2000, the same year Craigslist expanded to cover the entire country.

The target of this tax are the platforms which many news media outlets utilize to promote their brand, their stories, and their reporters. They can do that with no fee or charge. The free distribution of news content via social media platforms is an efficient and cost-effective way to utilize software tools and services provided by cloud companies, etc. This medium which they utilize at no cost is the very medium you intend to tax.

As previously stated, our industry is not immune from current economic pressures. We hope to continue to partner with the Legislature to collaborate on fair tax policies that support the technology industry ecosystem in Oregon. And therefore, TechNet urges you not to move SB 686 forward. Thank you for your consideration

Sincerely,

A handwritten signature in black ink, appearing to read 'Rose Feliciano', with a long horizontal line extending to the right.

Rose Feliciano
Executive Director
Washington + Northwest