

March 6, 2024

Dear Governor Youngkin:

As the CEO of the Consumer Technology Association, North America's largest technology trade association, we are proud to have our roots in Virginia, where dozens of our member companies are based, along with our more than 150 full-time employees. I write to urge you to withdraw the proposed 'tech tax' in your budget legislation.

This proposal reverses decades of bipartisan pro-tech policies that have made Virginia a technology hub and preferred location for business. Thanks to Virginia's long tradition of business-friendly policies, the state received recognition as an 'Innovation Champion' on CTA's 2023 U.S. Innovation Scorecard, which scores states on a variety of metrics tied to innovation and business growth.

A tax on digital goods like streaming subscriptions and cloud storage undermines a major engine of Virginia's economic and employment growth. This is short-sighted and threatens the global competitiveness of many businesses located in the Commonwealth. Further, taxing the tech industry without hearings and consultation is a kick in the teeth to the companies making Virginia a national hub for cloud computing and Internet services, as well as companies like Amazon, Micron and Microsoft who rely on Virginia's consistent tech-friendly policies.

Virginia governors passed the first global laws encouraging Internet commerce and cloud computing, appointed the first state Secretary of Technology, and developed unique incentives promoting Virginia innovation and investment. These policies solidified Virginia's national and global reputation. In fact, the Northern Virginia Technology Council (NVTC), on whose board I sit, has one of the largest memberships of any technology council in the nation. NVTC is similarly forceful in opposing this 'tech tax.'

Ignoring the Commonwealth's impressive history as an incubator for technology companies and acting without hearings or consultation is a radical and misguided departure from your successful economic strategy. Let's remain focused on maintaining our state's position as the go-to destination for technology and innovation. We stand ready to engage in constructive dialogue to find a solution that supports both our industry's growth and the Virginia's fiscal needs.

Sincerely,



Gary Shapiro
CEO

CC: Delegates Torian, Sickles, Carr, Bulova, Austin, Bloxom and Senators Lucas, Deeds, Locke, Boysko, McDougle, Pillion.