



# This Week in State Tax (TWIST)

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## Multistate: Governors Whitmer (MI) and Pritzker (IL) propose digital taxes to fill budget gaps and fund services

Legislative sessions in most states are underway, and some governors have proposed adoption of novel taxes on certain digital activities to address expected budget deficits. In Michigan, Governor Gretchen Whitmer has recommended a gross receipts tax on digital advertising services. In Illinois, Governor JB Pritzker has proposed a statewide social media platform fee that would be modeled in part on the Social Media Amusement Tax recently implemented in Chicago.

In Michigan, Governor Whitmer's executive budget for Fiscal Year 2027 includes a recommendation to implement a 4.7 percent tax on digital advertising gross receipts generated from Michigan activity. The tax would provide exclusions for broadcast and news media and is expected to raise about \$282 million in its first year. The revenue would be dedicated to health and wellness programs.

Governor Pritzker's budget proposal for FY 2027 includes a tiered, monthly fee on "social media companies that collect consumer data and sell to third-party buyers." The fee would be based on the number of monthly active Illinois users whose data is collected by the platform; at the highest tier, companies with over one million active Illinois users per month would be assessed a \$165,000 fee, plus an additional \$0.50 per user each month. The proposed fee is estimated to raise \$200 million that would be allocated to support K-12 education.

These proposals still face legislative approval, but they signal a growing interest among state governments in expanding the tax base to include the digital economy. Legislators in other states, such as [Nebraska](#) and [Utah](#), have also proposed bills that would impose taxes on social media or targeted advertising. KPMG will continue to monitor these developments and provide updates as the legislative season continues. For questions regarding Michigan or Illinois, please reach out to [Dave Perry](#) or [Drew Olson](#), respectively. For any other general questions on state legislative updates, please contact [Jeff Cook](#).

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