

March 18, 2013

Labor Unions Support “Marketplace Fairness Act of 2013” (S. 336)

Dear Senator:

Our undersigned labor unions strongly support the bipartisan Enzi-Durbin-Alexander-Heitkamp “Marketplace Fairness Act of 2013” (S. 336) and encourage you to actively support it. It grants those states which streamline their sales tax systems to facilitate related transactions, the authority needed to collect from remote sellers the sales and use taxes that are owed to states and localities. With internet sales and remote purchases skyrocketing, it addresses resulting revenue and equity problems with a bi-partisan approach offering clear benefits to all stakeholders. We urge you to vote for this bill when the opportunity arises.

Our unions have long supported constructive Congressional proposals that enable state and local governments to collect sales and use tax from remote and online sellers of goods and services. In fact, everyone agrees a solution is vitally needed to close this expanding tax loophole. University of Tennessee economics professor Dr. William Fox estimates uncollected use tax from all remote sales last year cost states and localities a cumulative \$23 billion. While sizable tax loopholes are always problematic, this is especially troubling now because states and localities continue suffering from prior and ongoing years of broadly reduced revenues. Looking ahead, as out of state and online sales continue increasing, along with uncollected sales and use taxes, this problem will further worsen. These loopholes harm states and localities and inflict unfair competitive disadvantages on Main Street and mom-and-pop retailers.

Now is the time to enact the “Marketplace Fairness Act of 2013”. First, Congress has clear constitutional authority to act to regulate interstate commerce of online and remote sales. Second, states and localities support S. 336 and urge Congress to act now. Their ongoing work to develop the Streamlined Sales and Use Tax Agreement demonstrates they can implement effective and efficient solutions. Third, both large and small businesses support this bill and also urge Congress to act now. They are supportive because it levels the playing field for all businesses, streamlines sales tax systems, and supports downtown main streets, retailers, shopping centers. Fourth, experts have demonstrated that small business remote sellers can collect sales and use taxes easily. User-friendly accurate software now automatically computes, compiles, and collects sales taxes. In fact, S. 336 requires software be provided free of charge for remote sellers to calculate the sales and use taxes that are due, file sales and use tax returns, and update applicable rate changes. The bill also exempts remote sellers with less than \$1 million in annual national remote sales.

It is important to note S. 336 would not enact new taxes. The affected taxes already exist under current law in all 45 states (and the District of Columbia), which impose a sales and use tax. S. 336 addresses the fact that millions of U.S. consumers either unknowingly or purposely do not pay existing use taxes on their remote and online purchases. This bill merely provides states the authority and ability to collect these existing uncollected taxes. We also note S. 336 would have no cost to the federal government.

We urge you to actively support “Marketplace Fairness Act of 2013”.

Sincerely,

American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)

American Federation of State, County and Municipal Employees (AFSCME)

American Federation of Teachers (AFT)

American Federation of Government Employees (AFGE)

Department for Professional Employees, AFL-CIO (DPE)

International Association of Fire Fighters (IAFF)

International Federation of Professional and Technical Engineers (IFPTE)

National Education Association (NEA)

Service Employees International Union (SEIU)

International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)