

August 1, 2012

The Honorable John D. Rockefeller
Senate Commerce, Science, Transportation Committee
254 Russell Senate Office Building

The Honorable Kay Bailey Hutchinson
Senate Commerce, Science, Transportation Cmte.
560 Dirksen Senate Office Building

Dear Chairman John D. Rockefeller and Ranking Member Kay Bailey Hutchinson:

Our undersigned labor unions thank you for your leadership in convening the Commerce Committee August 1 hearing, "Marketplace Fairness: Leveling the Playing Field for Small Business", on the bipartisan Enzi-Durbin-Alexander "Marketplace Fairness Act" (S. 1832). Our unions strongly support S. 1832 and this hearing is an excellent opportunity to demonstrate its broad and bi-partisan support. We support S. 1832 because it would grant states, which streamline their sales tax systems, the authority needed to collect the sales and use taxes they are owed. As sales increasingly move to the internet, it is vital to highlight the resulting problems and S. 1832's potential benefits.

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. University of Tennessee economics professor Dr. William Fox estimates uncollected use tax from all remote sales in 2012 will cost state and local governments a cumulative \$23 billion. While the loopholes are always problematic, they are very troubling now because states and localities suffer from years of broadly reduced revenues. In addition, out of state and online sales are skyrocketing along with uncollected sales and use taxes. Together, these loopholes inflict unfair competitive disadvantages on Main Street and mom-and-pop retailers.

Now is the time to enact S. 1832. First, Congress has clear constitutional authority to act to regulate interstate commerce of online and remote sales. Second, state and local governments support S. 1832 and urge Congress to act on this issue. Their ongoing work to develop the Streamlined Sales and Use Tax Agreement demonstrates they could implement effective and efficient solutions. Third, both large and small businesses also support S. 1832 and urge Congress to act. They are supportive because it levels the playing field for all businesses and streamlines sales tax systems. Finally, many experts have demonstrated that small business remote sellers can relatively easily collect sales and use taxes. Accurate, affordable, and user-friendly software now provides automatic computation, compilation, and collection of sales taxes.

We must note that S. 1832 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. Unfortunately, millions of U.S. consumers either unknowingly or purposely do not pay existing use taxes on their remote and online purchases. S. 1832 merely provides states the authority and ability to collect these existing uncollected taxes. It is also important to note that S. 1832 would have no cost to the federal government.

We thank your Committee for convening this important hearing and providing Senators Enzi, Durbin, and Alexander with an opportunity to discuss the "Marketplace Fairness Act". We strongly support their bill.

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)

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)

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