

April 24, 2012

Unions strongly support bipartisan “Marketplace Fairness Act” (S. 1832), which empowers state and local governments to collect sales and use tax from remote sellers

Dear Senator:

Our undersigned labor unions strongly support the bipartisan Enzi-Durbin-Alexander “Marketplace Fairness Act” (S. 1832). It grants states, which streamline their tax systems to facilitate certain business transactions, the authority needed to collect the sales and use taxes they are owed. We urge you to support S. 1832 and vote for it 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. We advocate for closing tax loopholes that allow sellers to avoid collecting sales tax on hundreds of millions of remote purchases made via internet, telephone, and mail. While the loopholes always cause problems, 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. Also, these loopholes inflict increasingly unfair competitive disadvantages on Main Street and mom-and-pop retailers. According to University of Tennessee economics professor Dr. William Fox, uncollected use tax from all remote sales in 2012 will cost state and local governments a cumulative \$23 billion.

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 and S. 1832 has bipartisan support. Second, state and local governments are urging Congress to act and strongly support S. 1832. Their ongoing participation in developing the Streamlined Sales and Use Tax Agreement demonstrates effective and efficient solutions exist. Third, both large and small businesses support S. 1832 because it levels the playing field for businesses and streamlines sales tax systems. Fourth, the claim that it is too burdensome to require small business remote sellers to collect sales and use tax is no longer convincing. Most experts now agree that accurate and affordable sales tax collection software exists and enables relatively effortless collection of sales taxes. S. 1832 also protects sellers with a hold harmless for calculating and collecting sales taxes with data and certified technology provided by participating states.

“Marketplace Fairness Act” 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. We also note that S. 1832 has no cost to the federal government.

Given America’s ongoing economic challenges, we think Congress should grant state and local governments the legal authority to collect taxes already owed on remote and online sales, which would simultaneously ensure businesses face a level playing field competing for consumers.

We urge you to support and vote for the “Marketplace Fairness Act” (S. 1832).

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
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)