Whether selling pet products online or in neighborhood veterinary clinics, AVMA urges Congress to ensure all businesses compete for customers on a level playing field.

**AVMA Request:**
Pass E-Fairness legislation
Remote Transactions Parity Act (H.R. 2193) and Marketplace Fairness (S. 976)

- Americans are increasingly relying on technology to shop, making it imperative that Congress update our sales tax laws to reflect commerce in the 21st century and allow all retailers to compete on a level playing field.

- The federal government has shown preferential treatment to online-only retailers. For over two decades, a loophole in our nation's sales tax laws has allowed online-only retailers to avoid collecting sales taxes, giving an unfair advantage over local businesses.

- E-Fairness will give states the ability to collect sales and uses taxes from out-of-state businesses selling over the Internet or through catalogs the same way that they collect sales tax from local businesses.

- Passing E-Fairness will strengthen the economy by helping states and local governments collect tax revenue that they are owed to help pay for basic services—fire and police departments, public schools, social services, etc.

**Why AVMA supports E-Fairness**

- Many of our nearly 90,000 member veterinarians are small business owners and are at an unfair disadvantage when it comes to providing the products and medications that our nation’s animals need.

- Out-of-state online and catalog companies that sell pet medicine, products or equipment have an advantage of as much as 10% over neighborhood veterinary clinics simply because they do not collect legally owed sales taxes.

- E-Fairness will ensure all businesses selling pet products including medications, pet food and treats, and other pet supplies abide by the same tax rules.

- Veterinary clinics and other local businesses are the economic backbone of their communities and provide employment and tax revenue to fund basic services.

- In 2016, an estimated $62 billion was spent by Americans on their pets, up from $60.28 billion in 2015 according to the [American Pet Products Association](https://www.appa.org).

- In 2015, Americans spent $15.42 billion for veterinary care; $23.05 billion for pet food, $14.28 billion for OTC medicine and supplies. Also, just over half of flea and tick products were purchased from a veterinarian.

**It is Time for Congress to Pass E-Fairness**

- Congress has considered E-fairness legislation for more than 20 years, and has held nearly 40 hearings related to this issue.

- The same technology that makes online retail a reality has simplified sales tax calculation and collection for sellers.

- If Congress does not use their interstate commerce authority now, it is likely the courts will decide this issue with limited restrictions on the states or protections for businesses.

**Why Congress must deal with E-Fairness**

- Taxes on remote sales are due and payable—but the current environment both encourages tax evasion and undercuts the budgets of cities, counties, and states. Congress must act to not only level the playing field, but to do so before many small businesses close their doors forever.

- The Commerce Clause of the Constitution empowers Congress to regulate interstate commerce, and provides an implied ban—the dormant Commerce Clause—on discriminatory state taxes on cross-border transactions.
- Businesses and states have turned to Congress to help resolve legal disputes over the role of remote sellers in collecting online sales taxes or providing transaction data.

- Some businesses favor the current system that leaves the onus on consumers to voluntarily remit state and local sales taxes owed on transactions with out-of-state vendors.

- The 1992 Supreme Court decision in Quill v. North Dakota limited the scope of state sales tax enforcement to remote sellers with a “substantial nexus,” but the court also said the issue was “one that Congress may be better qualified to resolve, and one that Congress has the ultimate power to resolve.” Many states want Congress to use that clout to require remote sellers to take part in a now-voluntary network developed by some states with software providers to automatically collect sales taxes based on a customer’s Zip code.

**Status of legislation**

- **H.R. 2193**
  
  **Committee Referral:** Judiciary Subcommittee on Regulatory Reform, Commercial and Antitrust Law  
  **Sponsor:** Kristi Noem, R-SD-AL  
  **Cosponsors as of 7/17/2017: 33 (18R, 15D)**  
  **Republican Representatives (17):** Mark Amodei, NV2; Lou Barletta, PA11; Joe Barton, TX6; Jason Chaffetz, UT3; Mike Conaway TX11; Ryan Costello, PA6; Carolos Curbelo, FL26; Charlie Dent, PA15; Morgan Griffith, VA9; Lynn Jenkins, KS2; Markwayne Mullin, OK2; Ted Poe, TX2; Tom Reed, NY23; James Renacci, OH16; Dennis Ross, FL15; Mike Simpson, ID2; Steve Stivers, OH15; Steve Womack, AR3  
  **Democratic Representatives (15):** David Cicilline, RI1; Steve Cohen, TN9; John Conyers, MI13; Suzan DelBene, WA1; Ted Deutch, FL22; Hank Johnson, GA4; Denny Heck, WA10; Eleanor Holmes Norton, DC; Derek Kilmer, WA6; John Larson CT1; Scott Peters, CA52; Mark Pocan, WI2; Jackie Speier, CA14; Eric Swalwell, CA15; Peter Welch, VT-AL

- **S. 976**
  
  **Committee Referral:** Finance; Banking, Housing and Urban Affairs  
  **Sponsor:** Mike Enzi, R-WY  
  **Cosponsors as of 7/11/2017: 24 (6R, 16D, 1I)**  
  **Republican Senators (6):** Lamar Alexander, TN; Roy Blunt, MO; John Boozman, AR; Susan Collins, ME; Bob Corker, TN; Mike Rounds, SD  
  **Democratic Senators (17):** Tammy Baldwin, WI; Ben Cardin, MD; Tom Carper, DE; Joe Donnelly, IN; Tammy Duckworth, IL; Richard Durbin, IL; Diane Feinstein, CA; Al Franken, MN; Heidi Heitkamp, ND; Tim Kaine, VA; Amy Klobuchar, MN; Joe Manchin, WV; Ed Markey, MA; Jack Reed, RI; Mark Warner, VA; Elizabeth Warren, MA; Sheldon Whitehouse, RI  
  **Independent Senators (1):** Angus King, I-ME