Marketplace Fairness Act of 2013

AVMA Position: Support

- AVMA supports a fair and level playing field for small businesses whether they sell online or on Main Street. At present, online retailers have an unfair price advantage over bricks-and-mortar businesses.
- Congress should give states the authority to manage their sales tax laws while closing the loophole which prohibits states from requiring remote sellers to collect sales and use taxes owed on purchases from out-of-state vendors.

Background:

- Congressional action is necessary to fix the problem of online sales tax collection.
- For the past 21 years, States have been unable to enforce their own sales and use tax laws on sales by out-of-state, catalog, and online sellers due to the 1992 Supreme Court decision *Quill Corp v. North Dakota*.
- Because this is a matter of interstate commerce, Congress MUST grant the authority needed for states enforce sales tax collection and remittance from out-of-state sellers.

Justification:

- The Internet marketplace is rapidly expanding – It does not make sense to treat one channel of sales differently than another. Online sales are growing 4 times faster than sales made at brick-and-mortar businesses.
- According to the Department of Commerce, in 2010 e-commerce represented more than 15% of retail sales.
- In 2012 states were expected to lose as much as $23 billion in uncollected revenue as a result of online-only sellers not collecting sales taxes.
- Legislation WILL restore states’ rights. It will empower the States and allow them to collect sales and use taxes two ways: States can collect under the Streamlined Sales and Use Tax Agreement (SSUTA) or they can adopt minimum simplification requirements. States would have the option to choose the best solution for them, and not be required to conform to a one-size-fits-all model.
- Legislation WILL NOT raise taxes but WILL remove the tax burden being placed on consumers.
- Consumers are currently required under state laws to pay sales and use taxes on the goods they purchase, but if the retailer does not collect it, it becomes the consumer’s responsibility to remit it to the state.
- Online sellers are not required to collect the tax in the same way that local businesses do – which puts local businesses at a disadvantage.
- Consumers can be audited and charged with penalties for failing to pay sales and use taxes, but it is a tax that is difficult for states to enforce.

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