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April 22, 2013

Dear Members of the United States Senate:

On behalf of the Consumer Electronics Association (CEA), I write to urge you to vote yes on cloture and support S. 743, the Marketplace Fairness Act.

CEA is the preeminent trade association representing American innovators and entrepreneurs, both large and small, who are consumer technology companies. CEA's over 2,000 corporate members include manufacturers, Internet providers, and large and small retailers. Our members design, produce and sell products and provide services that enable millions upon millions of consumers every day to access the wonders of the Internet.

To be clear, the Marketplace Fairness Act is not a tax increase, or a new tax. It simply provides a more efficient way to collect taxes that are already owed to the government. In the 45 states that impose sales taxes, if you buy something from another state and have it shipped to your home, you must pay your home state the applicable sales tax. The failure to report and pay these taxes could result in jail time.

Rather than subject millions of Americans to jail or other penalties for this type of failure to report taxes due, the Marketplace Fairness Act removes consumers from liability. Instead, it puts the burden on Internet retailers, just as it now sits on their brick-and-mortar brethren, to collect and pay all sales tax due.

Under today's system, millions of Americans are vulnerable to arbitrary enforcement by state tax officials and most don't even know it. More, states and localities have suffered \$23 billion in lost revenue as Americans shop via Internet retailers and don't pay sales tax. This puts states and localities in a financial bind potentially affecting vital government services, like fire and police, as state and local tax revenues decline. States' options are to start auditing their citizens' Internet purchases, or choose to raise other taxes including those assessed on income. Indeed, Virginia has a new law that raises gas taxes if Congress does not pass the Marketplace Fairness Act.

Not only does the bill help those who might not know about their tax obligations, but it also helps create healthy competition. The fact that Internet retailers aren't forced to collect sales taxes puts them at a 5 to 10 percent price advantage over mom-and-pop stores that have to collect sales taxes. Implementing the Marketplace Fairness Act ensures that the government cannot pick winners and losers, and all retailers have a level playing field to compete.

At a time when companies are already struggling to hire and survive, it's important that we support them by implementing a measure that will increase competition, help create revenue and prevent unnecessary enforcement.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Gary Shapiro".

Gary S. Shapiro
President & CEO