

LOWERING TAX RATES WITH E-FAIRNESS

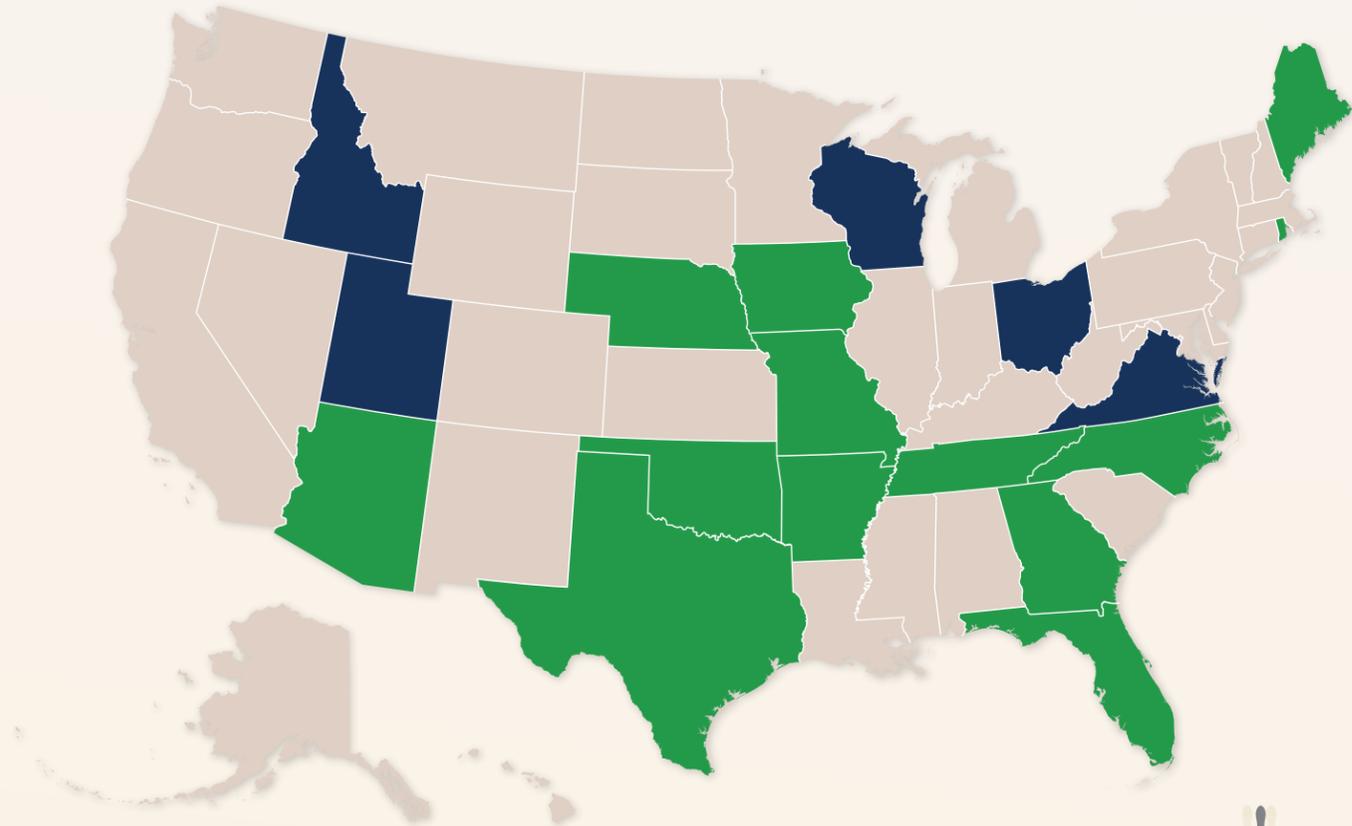


In "Pro-Growth Tax Reform and E-Fairness," Dr. Art Laffer found that passing e-Fairness legislation would give states the **tools they need to lower in-state tax rates.**



**SOME STATES HAVE
ALREADY PASSED LAWS
TO DO JUST THAT.**

**OTHERS ARE
CONSIDERING
SIMILAR MEASURES.**



"Let's give our governors and state legislatures the power to enact meaningful tax reform. Like welfare reform in the 90s, perhaps their efforts will lead to a roadmap for Washington to finally fix our broken federal tax code."
- Nathan Mehrens, President of Americans for Limited Government



Mike Albert
Mr. Mike's Record Store



Greg Rozman
Rozman Brothers



Deryl Oldag
Oldag Firearms

E-FAIRNESS: RESTORING FAIRNESS TO THE RETAIL MARKETPLACE

- Alliance for Main Street Fairness
- Retail Industry Leaders Association
- Marketplace Fairness Coalition
- International Council of Shopping Centers



Debbie Keys
Pealer's Flowers

- SUPPORT E-FAIRNESS**
- E-Fairness will strengthen local economies, businesses, and communities by restoring a level playing field. It will:
- Provide a free market solution that would require online-only retailers to play by the same rules as every other business.
 - Restore states' rights and give state lawmakers the ability to lower tax rates.
 - Promote real business competition and help support our local business base.
 - Support individual consumers from being audited or penalized for unmet tax obligations.
 - Ensure that foreign companies like Alibaba, who compete in the US market, play by the same rules as local businesses.



THE TIME FOR E-FAIRNESS IS NOW

Stop picking winners and losers, and restore free market competition.

BACKGROUND

For over 20 years, online-only retailers have exploited a legal loophole from the pre-Internet era that allows them to avoid collecting sales taxes. Meanwhile, local brick-and-mortar businesses collect sales taxes at the point of purchase on every sale, every single day. As a result, Internet-based retailers receive a government-sanctioned price advantage of up to 10 percent in many states. Now foreign companies like Alibaba are entering the US market with the intention of exploiting this loophole.

America's economy is built on a free-market system driven by fair competition among businesses without undue government intervention. By allowing some businesses to avoid collecting sales taxes, while others are required to do so, the government is effectively picking winners and losers. The result is a significant imbalance in the marketplace that encourages consumers to shop online rather than in local stores and forces those who do shop locally to bear a disproportionate share of the overall tax burden. Nobody likes paying or collecting sales taxes, but everyone should be playing by the same rules.

MAIN STREET BUSINESSES & JOBS ARE AT RISK

There are more than one million retail outlets in the United States that employ almost 14 million people. When local retailers lose sales to out-of-state, online-only retailers due to an unfair competitive advantage, it threatens jobs nationwide and damages local businesses that create those jobs, pay their property and income taxes, and build our communities.

A NEW TAX? HARDLY.

Critics of E-Fairness claim it would be a new tax on small businesses and consumers. Nothing could be further from the truth. In reality, E-Fairness legislation:

- **Would not introduce a single new tax or raise existing ones.** These taxes have always been due. A pre-Internet ruling by the U.S. Supreme Court allows online-only retailers to avoid collecting them, burdening consumers with the legal requirement to pay them.

Would help lower taxes for everyone. By fairly enforcing an already-due tax, many conservative state leaders have pointed to federal E-Fairness legislation as a way to lower tax rates overall.

- **Is not an Internet tax.** E-Fairness legislation does not impose taxes on the Internet. Under current law, there is a moratorium on imposing taxes on Internet users.

STATES' RIGHTS AND THE FREE MARKET

E-Fairness legislation like the Marketplace Fairness Act would help bolster states' rights while supporting free-market ideals. If passed, this legislation would:

- **Empower states to enforce their own existing sales tax laws** on online-only businesses selling within their borders, allowing states more control and authority over their own fiscal matters.
- **Protect the ideals of a free-market economy** by removing the government favoritism currently shown to online-only businesses. Government shouldn't be picking winners and losers in the marketplace.
- Support the entrepreneurship of online retailers through a number of tax simplifications and protections for small businesses.

Small-business owners have waited for Congress to take action on this important issue for far too long. It's time to pass E-Fairness and restore a level playing field to the retail marketplace once and for all.

U.S. SUPREME COURT TO CONGRESS: E-FAIRNESS IS YOUR RESPONSIBILITY

On December 2, 2013, the U.S. Supreme Court declined to take up a New York appeals court ruling to make Internet retailers collect state sales taxes. The decision of the Supreme Court NOT to take up the case puts the ball squarely in Congress' court:

"The court's decision to stay out of the issue for now may put more pressure on Congress to come up with a national solution, as both online and traditional retailers complain about a patchwork of state laws and conflicting lower-court decisions."

-The Washington Post

"The rebuff leaves it to Congress to craft a nationwide approach to the sales-tax issue."

-Bloomberg.com

E-FAIRNESS IS NOT A NEW TAX

E-Fairness would simply require online-only sellers to play by the same rules as local retailers.

- **E-Fairness would not introduce a single new tax or raise existing ones.** Consumers are required by law to remit sales and use taxes for purchases made online, they just never do.
- **E-Fairness would close a pre-Internet tax loophole.** A Supreme Court decision that pre-dates the Internet created a tax loophole that essentially subsidizes online-only retailers over local small businesses.
- **E-Fairness gives local lawmakers the ability to reduce other harmful taxes.** According to a study conducted by Dr. Art Laffer, passage of federal E-Fairness legislation would allow local lawmakers to reduce other harmful taxes like income and property taxes, which in turn would create a boon for our economy.
- **E-Fairness restores free market principles by ensuring all retailers compete on price.** Action by Congress would ensure retailers compete on price and eliminate the artificial price advantage online-only retailers enjoy over local small businesses.

DON'T TAKE OUR WORD FOR IT...



American Conservative Union Executive Director Dan Schneider: "Conservatives should be of one mind to keep taxes as low as possible, and we can also work to ensure that markets remain free and competitive. It is now up to the House of Representatives to decide if they're going to stand up for small businesses or cut them off at the knees with a wet kiss for Alibaba." (FOX News, "Will Congress give Alibaba a green light to crush America's small businesses?"; 12/24/14)



60 Plus Association Chairman Jim Martin: "Laws that enhance tax collection authority are not particularly popular with some, or considered especially "conservative" by others. But tax avoidance and the inequitable shifting of tax burdens is not fair, fiscally sound, or in line with the conservative principle of personal accountability. The MFA imposes no new taxes – I repeat, no new taxes. It only seeks to clarify the tax responsibility and burden of taxes properly owed." (The Daily Caller, Conservatives should support the Marketplace Fairness Act, 3/21/13)



Wisconsin Governor Scott Walker: "I want to make clear, should federal Marketplace legislation become law, my intention would be for any resulting additional revenue be used to provide individual income tax relief for Wisconsin's taxpayers." (Letter to the Wisconsin Congressional Delegation, 5/15/13)



Chairman of the Texas Legislative Tea Party Caucus Allen Fletcher: "My colleagues and I in the legislature are already drawing up legislation to cut or eliminate the Texas Margins Tax once Congress closes the online loophole. Fewer loopholes and lower rates is the key to long-term economic growth, and it's what makes Texas a great place to do business. (The daily Caller, "States' rights and lower taxes – why opposition to online sales tax is misguided," 3/12/13)



USA Today Editorial Board: "This would be a new tax. Answer: That's like saying that anytime someone has to pay a tax they've been evading or avoiding, they're being hit with an unacceptable new tax burden. No, it's simply requiring companies to collect, and buyers to pay, their fair share under long-standing tax laws." (USA Today, "Online sellers retain unfair tax advantage," 11/28/13)



Chicago Tribune Editorial Board: "Some House members oppose the bill because they say it amounts to a tax increase – that sounds like an argument against any effort to clamp down on illegal tax avoidance. The tax already exists, the obligation to pay it already exists. But the tax isn't being collected by some merchants." (Chicago Tribune, "Buy online? Pay the tax," 6/10/13)