

**To:** House & Senate Republicans

**From:** The Marketplace Fairness Coalition

**Subject:** Heritage Continues to Mislead on Marketplace Fairness

**Date:** June 25, 2013

There they go again....another day and another misleading attack from the Heritage Foundation on the *Marketplace Fairness Act*.

In a new [blog post](#), Heritage repeats the misleading and widely discredited claims that businesses with more than \$1 million in remote sales will be subject to out-of-state audits and will be forced to comply with roughly 10,000 different state and local tax rates.

Yet, just two days earlier, at a press conference sponsored by the National Governors Association, several small business owners outlined how they already successfully use existing software that instantly calculates every state and local sales tax around the country with no additional costs or burdens to their companies.

As the *Washington Times* [reported](#):

- *[S]upporters of the bill Wednesday demonstrated a technology system that would make it easy for online retailers to collect sales taxes from all of those jurisdictions. At Simms Fishing Products in Montana, the company started using this type of technology when it launched its new website in February. Andrew DeMoss, senior accountant, simply went online and created a virtual inventory of all of his company's products. The website did the rest, determining the tax rates and how each product should be categorized in each jurisdiction around the country. "If we can do it, anyone can do it," he said Wednesday.*

Meanwhile, Donnie Eatherly, President of P&E Distributors Inc -- a 50 year old family owned auto parts distributor that employs 85 people -- also noted how simple the technology is, telling reporters:

- *Twenty years ago or maybe even ten years ago, paying a water bill took some doing. You had to wait for a bill, open it, tear off the coupon payment, find your checkbook, write a check, find a stamp, etc. Today...its click, click, click. Done in less than 30 seconds. The same is true for sales tax collection. The software available today makes things cheaper and easier, and I think you'll see in a demonstration later today that this software makes things radically simpler than the talking-point crowd here in DC would lead you to believe.*

With regard to Heritage's continued false claims that businesses will be subject to out-of-state audits, our Coalition set the record straight in a [previous fact check](#) on Heritage last month, which they have notably refused to address:

- *Again, over 99 percent of all online sellers will not be affected by this legislation in any way. Beyond that, this false claim ignores the language of the bill. As we noted above, this legislation requires states to provide sellers with free software that calculates the sales tax due at the time of filing and files sales tax returns. And, the bill also specifically limits the liability of sellers using the state-provided software.*

Finally, the Heritage blog post references Carlson's claims that his websites may have to eliminate mail and phone orders that are popular with many of his senior-citizen clientele. "Some customers are older and don't do the Internet. But some aging organizations or churches do print our website and provide copies to elderly customers who call us up, which my wife handles. With the MFA, we'd be talking about adding in extra steps of knowing what's taxable and what's not and finding the right rate. It won't be worth the extra time and hassle."

- *This specific claim, that some older folks will call and place an order, is easily addressed: when "the wife" enters the phone order into their order system, which they must have since they have web enabled sales, sales tax will be automatically calculated by the software just as it is when the consumer enters an order directly. Presumably these older folks want to receive their goods, so his wife is already entering the shipping address needed for the tax calculation. Problem solved, and she can take the credit card info as she normally would or tell them the amount the check should be made out for.*

It's unfortunate the Heritage Foundation and their friends at eBay continue to mislead Members of Congress, and the American public at-large on the *Marketplace Fairness Act*.

Fortunately, a broad coalition of sellers, states, and municipalities from across the country, as well as a strong bipartisan majority in the U.S. Senate and Governors in both parties, recognize that the time has come to pass this bipartisan compromise legislation that would level the playing field and restore fairness to the marketplace.

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