

FOR IMMEDIATE RELEASE  
Contact: Ron Bonjean/Brian Walsh  
(202) 349-1402

November 19, 2013

## **Marketplace Fairness Coalition Statement on New SBA Study That Highlights Importance of Addressing E-Fairness**

*New Report Also Undercuts Claims By E-Fairness Opponents Led By eBay*

**WASHINGTON D.C.** – The Marketplace Fairness Coalition, which represents thousands of American businesses – large and small, as well as both brick-and-mortar and online – released the following statement regarding [today's study from the Small Business Administration](#) (SBA) analyzing the issue of marketplace fairness and the need for a responsible solution at the federal level:

“This comprehensive study by the SBA confirms that a federal marketplace fairness solution is needed to level the retail playing field, protect small businesses and restore states’ rights.

“It also confirms that contrary to the misinformation disseminated by eBay and its proxies in an attempt to maintain a government-sponsored advantage for its largest sellers, the vast majority of online businesses would not be affected by the Senate-passed legislation in any way. Of course many Members of Congress already recognize that which is why marketplace fairness passed the Senate in a broad and bipartisan vote earlier this year, and why it’s receiving strong, bipartisan support in the House.

“The arrival of the holiday shopping season is an important reminder that thousands of small businesses and local jobs are under threat because of the current unfair retail playing field. SBA’s study confirms that a reasonable balance can be reached to protect small online sellers, while giving brick-and-mortar retailers the fairness that they deserve. We hope the House will soon follow the Senate’s lead by addressing this long overdue issue.”

### **BACKGROUND:**

#### **Efairness Legislation Exempts Over 99% of All Retailers**

- “With a [small seller exception] of \$1 million, only a very small number of companies would actually be required to collect and remit sales taxes...” (pg. 4)
- The authors estimate that at \$1 million small seller exception, only 1,817 companies would be covered by various legislative proposals representing 0.04 percent of all retailers. **In other words, 99.96% of all sellers would be exempted.** (see Table 1, pg. 30)
- “An [small seller exception] of \$1 million would subject only a small share of business to the internet sales tax: **less than 4.5 percent of electronic shopping**

### **Unlevel Playing Field Hurts Main Street Retailers**

- “[T]he current tax environment favors online sellers vis-à-vis local sellers.” (pg. 3)
- “Existing Main Street vendors—small and large alike—would continue to be disadvantage relative to many online and mail-order vendors that would be protected by the [small seller exception].” (pg. 6)

### **Legislation Under Consideration Provides Important Protections**

- “[S]ales tax compliance costs would be mitigated under the Marketplace Fairness Act because it requires states to provide compliance software to retailers at no charge.” (pg. 41)
- “An [small seller exception] further reduces compliance costs by removing the vast majority of firms from the collection obligation.” (pg. 41)
- “[E]vidence suggests that compliance costs are about 3 percent of *taxes* collected on average, and third-party companies are available to provide sales tax compliance software and assistance (emphasis added).” (pg. 41)

###