



NATIONAL CONFERENCE of STATE LEGISLATURES

The Forum for America's Ideas

September 16, 2015

The Honorable John Boehner
Speaker of the House
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Democratic Leader
United States House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Democratic Leader
United States Senate
Washington, DC 20510

Curtis Bramble
Senate President Pro Tempore
Utah
President, NCSL

Karl Aro
Executive Director
Department of Legislative Services
Maryland
Staff Chair, NCSL

William T. Pound
Executive Director

Dear Speaker Boehner, Leader Pelosi, Leader McConnell, and Leader Reid:

On behalf of the National Conference of State Legislatures (NCSL), we write to urge you to delay consideration of legislation that would extend, or make permanent, the Internet Tax Freedom Act before consideration and passage of legislation that would allow states to require remote sellers to collect sales taxes owed on remote transactions.

When congress enacted the initial Internet Tax Freedom Act (ITFA) in 1998, it did so without the knowledge that the then fledgling communications network, which served primarily as an educational resource, would eventually change so many aspects of daily life. And while the internet has undoubtedly improved many facets of our lives, it has also, unfortunately, engendered an environment that rewards business models predicated on the avoidance of state laws and regulations.

Should congress extend the state and local prohibition on internet access taxation, it must do so while recognizing that the technology that empowers the Internet is the same technology that allows for the seamless collection of sales taxes on remote transactions. As a result, congressional action is needed to address the price advantage afforded to online retailers over their main street counterparts, who in addition to following their state's registration and other business requirements, dutifully collect and remit sales taxes. Conversely, many online sellers, which often fail to even properly register or collect taxes in the states where they have physical presence, enjoy a price advantage for not having to collect applicable sales tax.

If extended or made permanent, ITFA would exacerbate the federal government's infringement of state budget sovereignty and would annually cost states hundreds of millions of dollars. And if congress continues to favor remote sellers over main street businesses in their communities, states will soon have no choice but to shift from systems that tax consumption to ones that primarily tax income and property.

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Therefore, NCSL urges congress to not consider extending or making permanent the federal moratorium on taxation of internet access until after, or in concert with, legislation such as the Remote Transactions Parity Act or the Marketplace Fairness Act that would allow states to collect taxes they are already owed on remote transactions.

Sincerely,



Senator Curt Bramble
President Pro Tem, Utah Senate
NCSL President



Senator Mike Gronstal, Iowa
Majority Leader, Iowa Senate
NCSL President-elect



Senator Deb Peters
Assistant Majority Leader, South Dakota Senate
NCSL Vice President



Senator Debbie Smith
Assistant Minority Leader, Nevada Senate
NCSL Immediate Past President