



**County
Commissioners
Association of Ohio**

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May 23, 2013

The Honorable John Boehner
U. S. House of Representatives
House Office Building
Washington D.C. 2015-3508

Dear Speaker Boehner:

The purpose of this letter is to ask you to support “The Marketplace Fairness Act”, legislation (S 743) to permit states and local governments to collect sales and use taxes on remote sellers. The Marketplace Fairness Act is sponsored by U.S. Senator Mike Enzi (R-Wyoming) and cosponsored by a bipartisan group of Senators. This legislation passed the U.S. Senate by a strong bipartisan vote of 69 – 27 on May 6, 2013.

The legislation (S 743) is intended to overcome two U.S. Supreme Court decisions (National Bellas Hess v. Illinois Department of Revenue (1967) and Quill Corp v. North Dakota (1992) in which the court ruled that states may only collect sales taxes by retail merchants that have a physical presence in each state unless Congress acts to authorize the collection of sales taxes from remote sellers (out of state, catalogue, and internet sellers). The legislation would give states the choice of becoming a member of the Streamlined Sales and Use Tax Agreement (SSUTA), a multistate effort to establish uniform standards for the collection of sales taxes, or, as an alternative, adopt minimum simplification requirements to qualify for collection of sales taxes from remote sellers.

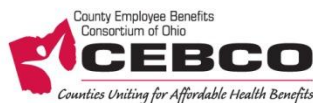
Key elements of “The Marketplace Fairness Act” include the following:

- Creates two systems for states to collect sales and use taxes on remote sales:
 1. Streamlined Sales and Use Tax Agreement – States can become member states of the Streamlined Sales and Use Tax Agreement (SSUTA)
 2. Alternative – States must adopt minimum simplification requirements with a single entity responsible for state and local sales tax administration, audits, and tax return processing.
- Each participating state must provide uniform sales and use tax base among state and local taxing jurisdictions within the state.



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- Each participating state must provide information indicating the taxability of products and services and exemptions and a rates and boundary database; and provide software free of charge for calculation of taxes due, for filing returns, and for updating rate changes.
- Generally relieves remote sellers and certified software providers of any liability for the mistakes of other parties including each other and state government and requires each state to provide 90 days advance notice of rate changes.
- Exempts remote sellers with less than \$ 1 million in sales in the preceding year within the United States from compliance with the law.
- In general, the bill has no effect on nexus, other state taxes, licensing and regulatory requirements, and intrastate sales.

The Agreement, supported by the National Association of County Officials and state and local government organizations including Ohio and CCAO, is a multistate compact that seeks to reduce the complexity of state and local sales and use tax laws and would permit the collection of sales and use taxes from remote sellers. Ohio has been working with 44 other states in the Streamlined Sales Tax Project since 1999. Membership in the SSUTA includes 22 full member states (their laws are in full compliance with SSUTA requirements), two associate member states, including Ohio (their laws are largely, but not completely, compliant with SSUTA), and 18 advisory states (their laws do not comply with SSUTA).

The Agreement minimizes costs and administrative burdens on retailers that collect sales tax, particularly retailers operating in multiple states. It encourages remote sellers using the internet and mail order to collect tax on sales to customers living in the member states. The Agreement levels the playing field so that local stores and remote sellers operate under the same rules. It also insures that all retailers can conduct business in a fair, competitive environment.

CCAO would greatly appreciate if you would support S 743, "The Marketplace Fairness Act." Estimates vary, but it is widely believed that the state of Ohio, counties and transit authorities in Ohio are collectively losing more than \$100 Million a year in lost sales and use tax revenue due to the failure of remote sellers to collect taxes otherwise due and payable under Ohio law. Thank you for your consideration of this request.

Sincerely,

Larry L. Long
Executive Director