#### Reps. Womack and Speier To Introduce Bipartisan

#### Marketplace Equity Act of 2011

Press Release:

October 12, 2011

**WASHINGTON, DC**-**Congressman Steve Womack (R-AR) and Congresswoman Jackie Speier (D-CA)**, today will introduce the bipartisan Marketplace Equity Act (MEA).

MEA empowers states to require online companies that do not have a physical presence in the state to collect and remit state sales taxes. These companies currently enjoy a significant price advantage over bricks and mortar retailers who do have to collect state sales taxes. An important component is a small business exception, which exempts businesses with small amounts of online sales from being required to collect.  Otherwise, the states are allowed to collect the taxes owed to them as they choose based on very basic guidelines. There are many aspects which determine whether a business is successful; however, unfair policies favoring one over another should never be a factor.

***Rep. Steve Womack (R-AR) stated***, “*The nation's retailers—both big and small—deserve to compete on a level playing field, and our bill provides the framework by which states can have the authority to compel remote sellers on the Internet to remit taxes due on purchases made online.*

*“The exemption for small E-tailers will ensure that online start ups and small sellers will not face the same compliance requirements that are easily adopted by large online retailers.”*

*“The intent of this legislation is not to be instructive, but instead to close a long-standing loophole that puts America's brick and mortar businesses at a competitive disadvantage.”*

***Rep. Jackie Speier (D-CA) stated****, “Let’s be clear the law requires that everyone pays the personal use tax when they purchase on the internet.  The fact that many do not is a loophole that must be closed.  Whether buying on the internet or mainstreet, sales tax is supposed to be paid.*

*It’s time to close the gaping loophole that is costing small businesses sales to large internet retailers and depriving states, local communities and schools of sales tax revenues that they should be receiving.  The death of small businesses on Main Street can be attributed in part to the consumers who will visit the store test out the equipment, get advice on products like TVs and computers and cameras and bicycles, and then find and buy the item online—sometimes right on their mobile phone while still standing in the store.”*

The debate over online sales tax collection has now gone on for more than a decade.  The only lasting solution to this interstate commerce dilemma is to enact federal legislation.  Legislation has been introduced over the years to attempt to remedy the situation, but those bills include expansive federal regulation of the ways that state must conduct online tax collection.  The Marketplace Equity Act provides a simple framework that empowers states to require online retailers to collect and remit these sales taxes, and allows the state to decide how best to do so.

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