



Marketplace Fairness Act

Mom and Pop, Main Street and Local retailers have been hurt in recent years by online and catalog purchases by customers who believe they get a discount by not paying sales tax.

The brick-and-mortar retailer collects the sales tax at the time of purchase in a store, but the responsibility for paying the tax from an online purchase shifts to the Internet customer who resides in Tennessee to remit the sales tax directly to the Tennessee Department of Revenue.

Most taxpayers are not aware of the responsibility to remit these taxes, and state and local governments do not have the resources to enforce payment putting Tennessee Local retailers at nearly a 10 percent competitive price disadvantage to remote sellers.

The University of Tennessee Center for Business and Economic Research estimates that state and local governments lost \$11.4 billion nationwide in sales tax on e-commerce in 2012.

The National League of Cities estimates that the State of Tennessee and its local governments lost a combined \$748 million in sales tax on e-commerce in 2012.

The Tennessee General Assembly has amended their sales and use tax statutes to conform to the requirements of the Streamlined Sales and Use Tax Agreement, one of 23 states to do so.

Congress is considering legislation to provide states that are members of the Agreement and in compliance with the federal legislation the authority to require out-of-state sellers to collect and remit sales and use taxes on remote transactions attributable to these states – exactly like Local retailers are already required to do. This legislation has passed the U.S. Senate and is awaiting action by the U.S. House of Representatives.

The Supreme Court's decision in *Quill Corp. v. North Dakota*, 504 U.S. 298 (1992), which essentially stated that online and catalog retailers had no duty to collect sales and use taxes, left state and local governments unable to adequately enforce their existing sales tax laws on sales by out-of-state catalog and online sellers.

The Court did state that Congress had the constitutional authority to pass legislation overruling its decision.

Sample resolutions can be obtained at TML1.org for individual city adoption.

**A RESOLUTION IN SUPPORT OF
THE MARKETPLACE FAIRNESS ACT (S336 AND HR684)**

WHEREAS, Mom and Pop, Main Street and Local retailers have been hurt in recent years by online and catalog purchases by customers who believe they get a discount by not paying sales tax; and

WHEREAS, the brick-and-mortar retailer collects the sales tax at the time of purchase in a store, but the responsibility for paying the tax from an online purchase shifts to the Internet customer who resides in Tennessee to remit the sales tax directly to the Tennessee Department of Revenue; and

WHEREAS, most taxpayers are not aware of the responsibility to remit these taxes, and state and local governments do not have the resources to enforce payment putting Tennessee Local retailers at nearly a 10 percent competitive price disadvantage to remote sellers; and

WHEREAS, the University of Tennessee Center for Business and Economic Research estimates that state and local governments lost \$11.4 billion nationwide in sales tax on e-commerce in 2012; and

WHEREAS, the National League of Cities estimates that the State of Tennessee and it's local governments lost a combined \$748 million in sales tax on e-commerce in 2012; and

WHEREAS, the Tennessee General Assembly has amended their sales and use tax statutes to conform to the requirements of the Streamlined Sales and Use Tax Agreement, one of 23 state legislators to do so; and

WHEREAS, Congress is considering legislation to provide states that are members of the Agreement and in compliance with the federal legislation the authority to require out-of-state sellers to collect and remit sales and use taxes on remote transactions attributable to these states – exactly like Local retailers are already required to do; and

WHEREAS, the Supreme Court's decision in *Quill Corp. v. North Dakota*, 504 U.S. 298 (1992), left state and local governments unable to adequately enforce their existing sales tax laws on sales by out-of-state catalog and online sellers; and

WHEREAS, the Court did state that Congress had the constitutional authority to pass legislation overruling its decision; and

NOW, THEREFORE, BE IT RESOLVED that the _____ of the
City/Town of _____ on _____
(Governing Body)
(Date)

adopt this Resolution commending our United States Senators Alexander and Corker for their outspoken support of the Marketplace Fairness Act (S336 and HR684) throughout the debate and passage in the United States Senate and encouraging the Tennessee Delegation to the United States House of Representatives, specifically Congressman _____, to level the playing field for Local retailers by allowing individual states the authority to streamline their sales tax laws and collect sales taxes directly from online retailers.

Mayor