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THE MARKETPLACE FAIRNESS ACT IS NOT A NEW TAX

There's a lot of misinformation being spread about the Marketplace Fairness Act, including that it would amount to a new tax or a tax increase. This is simply not the case.

- **The Marketplace Fairness Act would not introduce a single new tax or raise existing ones.** Under current law, consumers are already required to pay sales and use taxes for online purchases, so these taxes already exist; however, they usually go unpaid.
- **The Marketplace Fairness Act would simply shift the responsibility for sales tax collection.** Right now, it's up to consumers to track and remit taxes on their online purchases. E-fairness legislation would shift this responsibility back to the vendor, where it belongs.
- **The Marketplace Fairness Act is about closing a tax loophole, not creating a new tax.** The online sales tax loophole is hurting small businesses across America. E-fairness legislation would give states the ability to enforce their existing state and local sales and use tax laws on online-only retailers in a manner that does not infringe on or overly burden e-commerce.
- **The Marketplace Fairness Act could actually help lower taxes.** Many conservative governors have spoken out recently about their states' own budget shortfalls. They have mentioned e-fairness legislation as an effective way to enforce existing tax laws rather than raising taxes in other areas.
- **The Marketplace Fairness Act is not a tax on businesses.** Businesses don't pay sales tax; consumers do. The MFA or MEA doesn't create a tax for online-only businesses; it simply allows states to require them to follow the same rules as their brick-and-mortar counterparts.

CONSERVATIVE LEADERS AGREE

Indiana Governor Mitch Daniels: *"We're not talking about an additional or new tax here—we're talking about the collection of a tax that's existed a long time."* ("Indiana Makes A Deal With Amazon On Sales Taxes," Marketplace Business, 1/12/12)

American Conservative Union Chairman Al Cardenas: *"When it comes to sales tax, it is time to address the area where prejudice is most egregious – our policy towards Internet sales... It is an outdated set of policies in today's super information age, when families every day make decisions to purchase goods and services online or in person. Moreover, it's unfair, punitive to some small businesses and corporations and a boon for others."* ("The Chief Threat To American Competitiveness: Our Tax Code," National Review Online, 11/8/11)

IN THE NEWS



"For the record, you're supposed to pay sales tax for online purchases when you file your state tax return, but most people don't... It's also important to remember that this wouldn't be a new tax. You're already on the hook for these taxes whether or not you're actually paying them. Any new legislation would just produce a concrete mechanism for collection." ("Internet Sales tax Coming Soon," Fox Business, 8/6/2012)



"[I]f the retailer doesn't collect the sales tax at the time of purchase, the purchaser is legally required to pay a 'use tax' to the state. Many consumers don't realize this or choose to ignore it, and, as a result, no taxes are paid on most online purchases. And as any brick-and-mortar retailer will tell you, the price advantage of 'tax free' shopping distorts the free market, providing online retailers an unfair 5 to 10 percent pricing advantage over the local storefront. This advantage is no more than a subsidy, allowing the federal government to pick winners and losers, something most conservatives traditionally abhor." ("Support the Marketplace Fairness Act," National Review Online, 8/23/2012)

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