

The Greater Lehigh Valley Chamber of Commerce
Tax and Regulatory Committee
Marketplace Fairness Statement

The Greater Lehigh Valley Chamber of Commerce recognizes that main street businesses across our Commonwealth are doing all they can to compete and obtain business in this difficult economic environment. In addition, the Chamber recognizes the disadvantage small businesses have against online competition due to the collection of state sales tax.

Our main street businesses are required by law to collect and remit a 6% sales tax at point of sale. Their online competition, however, is not required to collect and remit sales tax at point of sale. Simply put, this is unfair to our local retailers. All Main Street businesses want is a level playing field to compete for business and we, as a Chamber, support their call for e-fairness.

The Chamber advocates for small business, and we support a “call to action” at the Congressional level to pass a fair, business-friendly “Marketplace Fairness Act” that would make this issue a states’ right issue and allow the states to decide whether to impose and collect sales tax. However, we support a national uniform collection model as to **what** is taxed for consistency and fairness.

The **Marketplace Fairness Act** is legislation pending in the United States Congress that would enable state governments to collect sales and use taxes from remote retailers who have no physical presence in their state. This legislation addresses a state’s right to collect sales tax and is not a tax increase.

While the Greater Lehigh Valley supports the requirement for online businesses to collect sales tax as required by our main street businesses, we have concerns about the Marketplace Fairness Act currently proposed (S.743).

The Chamber opposes actions which:

- Impose collection of sales tax to fall on the business owner
- Create burdensome state-required paperwork to register and/or remit taxes to sell in another state
- Create burdensome individual state-required rules and regulations to fall on the business owner to collect the individual state required sales tax
- Require businesses to file different tax forms for out-of-state sales
- Increase any type of tax

The Chamber supports actions which:

- Limit new collection efforts to sales and use tax; not income, franchise or other applicable state taxes
- Mandate a state collection of sales tax
- Create a uniform national online collection system

- Provide for a small business exemption to avoid undue burdens on these businesses
- Provide for public hearings to ensure small businesses' voices are represented
- Protect small business from disadvantage

Priority Statement:

The Greater Lehigh Valley Chamber of Commerce supports the Marketplace Fairness Act which would change the current state collection model and create a uniform sales and use tax collection model to protect small business from unfair on-line competition and avoid additional burdensome requirements.

Disclaimer: Sales tax legislation should define nexus solely for the purpose of collecting sales and use taxes. It should not otherwise impact nexus.

Committee process/votes:

4/21/14--Approved by Tax&Reg Committee

5/21/14—Discuss with Public Policy –take suggested changes back to Tax&Reg

6/12/14---Discuss, correct, re-approve by Tax&Reg Committee

6/18/14---Return to Public Policy with corrected and re-approved version, discuss, vote 13yay, 1 nay

8/11/14—Discussed and voted at Executive Committee—unanimous