

February 27, 2018

Open Letter to Congress: Oppose H.R. 2193, the Remote Transactions Parity Act!

Dear Representative,

On behalf of the millions of citizens represented by the undersigned organizations, we write in strong opposition to H.R. 2193, the so-called Remote Transactions Parity Act (RTPA), and any other bill intended to dismantle proper limits on state tax-collection authority. This legislation is bad policy, bad politics, and bad precedent.

The Remote Transactions Parity Act would enable an enormous expansion in state tax-collection authority by wiping away the “physical presence standard,” a baseline protection that shields taxpayers from harassment by out-of-state collectors. Current law dictates that a state can only require a business to collect its sales tax if it is physically present within its boundaries. Dismantling the physical presence protection for remote retail sales could throw open the floodgates for states to aggressively attempt enforcement of not just their sales tax laws, but also business and individual income tax rules, and even activist regulatory obligations on out-of-state entities.

Furthermore, claims of the supposed “harm” being done to state budgets by this basic taxpayer protection are misleading. While remote commerce is growing, more than \$0.90 of every retail dollar is still spent in brick-and-mortar establishments, and a huge portion of online sales already have tax collected because so many are made by businesses like Amazon and Walmart that have widespread physical presence.

That’s why the Government Accountability Office’s [estimates](#) of potential state revenue only amounts to between one-half and one percent of current state receipts. Additionally, GAO estimated that 80 percent of this revenue is *already collectible under current law*. But rather than enforcing their existing laws, states are asking Congress to bless a dangerous expansion in their power allowing them to force out-of-state businesses to collect tax for them.

It is no surprise that Americans have shown strong opposition to such schemes. A September 2017 [poll](#) by Rasmussen found that Americans oppose internet sales tax legislation by a 45-point margin, and earlier [polling](#) of Republican voters found that they preferred candidates that oppose such laws by a 54-point margin.

The Supreme Court has agreed to hear the case of *South Dakota v. Wayfair*, which deals with a state law forcing certain out-of-state retailers to collect South Dakota tax. Proponents of RTPA claim that this strengthens the case for passage of their bill, when in fact it weakens it. If the Court acts to dismantle limits on state power, Congress must act to rebuild them. RTPA does the opposite by granting states new tax powers over interstate commerce. Congress should oppose this unwise legislation and instead work to preserve federalism, strengthen geographical limits to tax authority, and encourage tax competition.

Sincerely,

The Undersigned



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