



February 17, 2009

A Letter to Maryland Legislators in Opposition to HB 337, the Streamlined Sales and Use Tax Agreement

Dear Legislator:

In the current uncertain economic and political climate, Americans have so far been able to take solace in a rational and moderate tax policy toward the Internet. Online purchases from retailers based outside the consumer's home state are currently not subject to sales taxes. Unfortunately, some policymakers continue to advocate the Streamlined Sales Tax Project (SSTP), which seeks to create a multi-state cartel to impose a blanket sales tax rate on Internet sales regardless of the location of the retailer's "bricks and mortar" establishment. There are a number of problems with SSTP:

- It constitutes a tax hike in the middle of a massive economic downturn. While the Internet still claims only a small percentage of total U.S. retail commerce, remote online sales have been constitutionally protected from predatory taxation. Imposing a new state-sanctioned tax scheme on Web purchases now would hit consumers hard when it will hurt the most.
- Not only would prices rise as a result of SSTP, but compliance costs for businesses would shoot through the roof. Asking retailers to navigate tax codes for the thousands of different state and local jurisdictions would be incredibly burdensome and damaging to e-commerce as we know it.
- It would have a devastating impact on small businesses that transact online. Compliance costs, along with another levy piled on top of the taxes they already pay, would likely cause many small businesses, the primary engine of U.S. job creation, to fold altogether. Between 2008 and 2009, Maryland's ranking on the Tax Foundation's study of business tax climates fell from 24th to 45th. The state can ill afford to worsen this huge competitive disadvantage and drive more employers out of (or away from) the state.

While it is never a good time to impose Internet taxes on Maryland consumers, doing so now would be disastrous. Oppose the Streamlined Sales Tax Project and give Marylanders a break from more excessive taxation.

Sincerely,

Joshua Culling
State Government Affairs Manager