



James A. Anderson, Jr.

Vice President-Government Relations

June 12, 2015

The Honorable Jason Chaffetz
U.S. House of Representatives
2236 Rayburn House Office Building
Washington, DC 20515

The Honorable Steve Womack
U.S. House of Representatives
1119 Longworth House Office Building
Washington, DC 20515

Dear Representative Chaffetz and Representative Womack:

I write on behalf of the National Association of Wholesaler-Distributors (NAW) to applaud your leadership in sponsoring the *Remote Transactions Parity Act of 2015* (“RTPA”). NAW strongly supports this important legislation.

NAW is the “national voice of wholesale distribution,” an association comprised of employers of all sizes, and national, regional, state and local line-of-trade associations that span the \$5.4 trillion wholesale distribution industry that employs over 5.8 million workers in the United States. Approximately 40,000 enterprises with places of businesses in all 435 Congressional Districts are affiliated with NAW.

As you know, 23 years ago the U.S. Supreme Court in *Quill v. North Dakota* erected a barrier to states requiring sellers doing business but lacking a physical presence in a state, to collect and remit applicable sales taxes. While this engrained in the law a clear competitive advantage for remote sellers over their local brick-and-mortar competitors which are required to collect locally applicable sales taxes, the Court at the same time recognized the authority of the political branches of the federal government to remove that barrier via legislative action.

The commercial landscape has evolved substantially since the Court handed down its decision in *Quill*. The internet has virtually exploded as a platform for commercial activity in both the B-2-B space where wholesaler-distributors “live,” and in B-2-C markets. The competitive advantage enjoyed by remote online sellers has taken and will continue to take an increasing and unfair toll on community-based brick-and-mortar employers and their employees as e-commerce continues to grow. Today as a result of a Supreme Court decision of a bygone economic and technological era, government is picking commercial winners and losers by preventing states from rationally enforcing their sales tax laws. For the wholesale distribution industry where annual after-tax margins average 2% - 2.5%, the uneven application of sales tax laws is of particular concern.

The answer to this already difficult and growing problem is sales tax parity at the point of purchase. The RTPA achieves this by employing a destination sourcing approach to the collection of sales taxes due on remote sales. Alternative approaches to destination sourcing do

NATIONAL ASSOCIATION OF WHOLESALER-DISTRIBUTORS

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not and, in NAW's view, cannot achieve this goal and, as such, do not solve the problem this bill is designed to address. At the same time, through its provisions regarding simplification, audits, liability, software, and a tapered three-year transition period for small remote sellers, the RTPA is careful to address the legitimate needs and concerns of small business and guard against state regulatory overreach.

Again, NAW commends you for your commitment to resolving this important issue and looks forward to working with you to secure the enactment of the RTPA in this session of Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "James A. Anderson, Jr.", with a stylized flourish at the end.

James A. Anderson, Jr.
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cc: Members of the House Judiciary Committee