

Congress of the United States
Washington, DC 20515

June 17, 2015

**Close the Sales Tax Loophole:
Cosponsor the Remote Transactions Parity Act (RTPA)**

**Supported by over 690 Businesses, Trade Associations, State Organizations, and Chambers of
Commerce Across the Nation**

Dear Colleague,

Congressman Jason Chaffetz (R-UT) and Congressman Steve Womack (R-AR) are seeking cosponsors for the Remote Transactions Parity Act (RTPA). The bill provides a solution to the ongoing e-fairness debate that incorporates the framework set forth by other legislation and integrates significant conservative improvements that protect small businesses both online and with a brick-and-mortar presence.

Congressional inaction has created a large tax loophole that is fueling uncertainty and impeding competition in the marketplace. RTPA is needed so that the laws governing interstate sales tax collection can be brought into the 21st Century. In 1992, two years before retail giant Amazon.com was created, the Supreme Court ruled in *Quill v. North Dakota* that states could not currently force an out-of-state business to collect and remit sales tax and that a Congressional fix was needed. Twenty years and over 500 million iPhones later, Congress has yet to act. RTPA would close the loophole that preferences out-of-state businesses over in-state job creators, while protecting small businesses by requiring states to shoulder a significant portion of the burden. RTPA ensures parity at the point of sale, leveling the playing field so that all businesses can grow, invest, and compete fairly.

While previous legislation unsuccessfully took steps to solve the problem, the RTPA provides new audit protections for businesses, exempting those with under \$5 million in annual gross receipts from state audits entirely. The RTPA also exempts more small businesses from collection requirements in the first and second years, giving them time to make the change at their own pace. While other legislation only exempted businesses under \$1 million in sales, the RTPA in the first year exempts any small business under \$10 million, phasing to \$5 million in the second year and \$1 million in the third. Finally, the RTPA requires states to not only give remote sellers the necessary software to collect and remit the taxes due, but also requires states to pay for set-up, installation, and maintenance costs on the software.

The current tax loophole skews the free market, forces brick-and-mortar stores to close their doors, and puts the burden and liability of reporting and remittance on the consumer – because these taxes are still due and payable. The RTPA fixes this problem in a way that is generous to small remote sellers and puts our neighborhood retailers on a level playing field, adopting a model that is used in dozens of states already.

Contact Amber Talley in Congressman Chaffetz's office, amber.talley@mail.house.gov, or Adrielle Churchill in Congressman Womack's office, adrielle.churchill@mail.house.gov, for more information.

Sincerely,



Jason Chaffetz
Member of Congress



Steve Womack
Member of Congress