

November 2, 2011

The Honorable Patty Murray
Co-Chair, Joint Select Committee on Deficit Reduction
U.S. Senate
Washington, DC 20510

The Honorable Jeb Hensarling
Co-Chair, Joint Select Committee on Deficit Reduction
U. S. House of Representatives
Washington, DC 20515

Dear Senator Murray and Representative Hensarling:

The undersigned companies and state and national trade associations write today to ask that you include in your recommendations to the House and Senate a provision that would close a loophole harming traditional bricks-and-mortar retail businesses while assisting the states in collecting approximately \$23 billion in uncollected state sales taxes that are currently due on Internet and catalogue sales.

At issue is a decades-old Supreme Court ruling, which was issued in 1992, before the pervasiveness of today's Internet commerce, and which prohibits states from requiring remote sellers to collect sales and use taxes owed on purchases from out-of-state vendors. This loophole has created an uneven playing field for bricks-and-mortar retail businesses that face a price disadvantage, has led to budget shortfalls for states as sales taxes go uncollected, and an undue burden on consumers who do not realize they owe the sales tax if it is not collected by the seller, leaving them to face penalties and increased scrutiny from state auditors. Main street retailers are jeopardized as a result of the insurmountable price disadvantage created by this government subsidy along with 15 million bricks-and-mortar retail jobs and one in 10 jobs related to shopping centers. Recent data suggests that one in four jobs is directly or indirectly related to the retail sector.

Several bills are pending in the House and Senate that would give states the authority to manage their sales tax laws while closing this loophole. H.R. 3179, the Marketplace Equity Act, introduced by Reps. Steve Womack (R-AR) and Jackie Speier (D-CA) provides an option for every state to simplify its sales tax statute and assist vendors with compliance, while providing for a robust small business exemption.

S. 1452 and H.R. 2701, the Main Street Fairness Act, introduced by Sen. Dick Durbin (D-IL) and Rep. John Conyers (D-MI) would sanction a 24-state compact called the Streamlined Sales and Use Tax Agreement, providing these states with authority to require collection on remote sales. Senators Durbin, Enzi, and Alexander are also working on a bi-partisan solution, the Marketplace Fairness Act. While all these bills generally accomplish the same goal, they have one item in common: only Congress can grant this authority to the states.

As you seek solutions to address the federal budget, any final product will undoubtedly have an impact on the states, which are likewise facing their own budget crises. Consistent with the goals of the Joint Select Committee on Deficit Reduction, Congress has an opportunity to help the states resolve their own budget shortfalls by enhancing states' rights over sales tax collection authority and in the process closing a loophole that will level the playing field for all merchants. The Joint Select Committee on Deficit Reduction can easily include this authority in its recommendations to the full House and Senate, and we urge you to do so.

Sincerely,

NATIONAL TRADE ASSOCIATIONS

American Booksellers Association

American Specialty Toy Retailing Association

American Veterinary Medical Association
Association for Christian Retail
Food Marketing Institute
Independent Running Retailer Association
International Council of Shopping Centers
National Association of Chain Drug Stores
National Association of College Stores
National Association of Real Estate Investment Trusts
National Bicycle Dealers Association
National Home Furnishings Association
National Retail Federation
North American Retail Dealers Association
Outdoor Industry Association (OIA)
Pet Industry Joint Advisory Council
Professional Beauty Association
Real Estate Roundtable
Retail Industry Leaders Association
Soccer Dealer Association

STATE TRADE ASSOCIATIONS

Alabama Retail Association
Alliance of Wisconsin Retailers
Arizona Retailers Association
Arkansas Grocers and Retail Merchants Association
California Business Properties Association
California Retailers Association
Carolinas Food Industry Council
Colorado Retail Council

Connecticut Retail Merchants Association
Florida Retail Federation
Georgia Retail Association
Idaho Retailers Association
Illinois Retail Merchants Association
Indiana Retail Council
Iowa Retail Federation
Kentucky Retail Federation
Los Angeles Area Chamber of Commerce
Louisiana Retailers Association
Maryland Retailers Association
Michigan Retailers Association
Minnesota Retail Association
Missouri Retailers Association
Mountains and Plains Independent Booksellers Association
Nebraska Retail Federation
New Atlantic Independent Booksellers Association
New England Independent Booksellers Association
New Jersey Retail Merchants Association
North Carolina Retail Merchants Association
North Dakota Retail Association
Ohio Council of Retail Merchants
Pacific Northwest Booksellers Association
Pennsylvania Retailers' Association
Retail Association of Mississippi
Retail Association of Nevada
Retail Council of New York State

Retail Merchants of Hawaii
Retailers Association of Massachusetts
Rhode Island Retail Federation
South Carolina Retail Merchants Association
South Dakota Retailers Association
Southern Independent Booksellers Alliance
Tennessee Retail Association
Texas Retailers Association
Utah Food Industry Association
Utah Retail Merchants Association
Vermont Retail Association
Virginia Retail Merchants Association
Washington Retail Association
West Virginia Retailers Association
Wyoming Retail Association

COMPANIES

Abbell Credit Corporation, Chicago, IL
Acadia Realty Trust, White Plains, NY
AutoZone
Barnes and Noble
Bed, Bath, & Beyond
Best Buy
Blake Hunt Ventures, Inc., Danville, CA
John Bucksbaum, Private Real Estate Investor/Developer, Former Chairman and CEO of General Growth Properties, Inc., Chicago, IL
Build-A-Bear Workshop®, Saint Louis, MO

CBL & Associates Properties, Inc., Chattanooga, TN

Cencor Realty Services, Dallas, TX

Chesterfield Blue Valley, LLC, St. Louis, MO

The Container Store, Dallas, Texas

The CortiGilchrist Partnership, Ilc, Al Corti, Principal, San Diego, CA

Dick's Sporting Goods

DDR Corp., Beachwood, OH

DLC Management Corp., Tarrytown, NY

Donahue Schriber Realty Group, Costa Mesa, CA

Edens & Avant, Columbia, SC

Evergreen Devco, Inc., Glendale, CA

Fairfield Corporation, Battle Creek, MI

Federal Realty Investment Trust, Rockville, MD

FedTax, David Campbell, CEO

L. Michael Foley and Associates, LLC, La Jolla, CA

Forest City Enterprises, Inc., Cleveland, OH

Gap Inc., San Francisco, CA

Garrison Pacific Properties, San Rafael, CA

General Growth Properties, Chicago, IL

Glimcher Realty Trust, Columbus, OH

The Greeby Companies, Inc., Chicago, IL

Hart Realty Advisers, Inc., Simsbury, CT

David Hocker & Associates, Inc., Owensboro, Kentucky

D. Talmage Hocker, The Hocker Group, Louisville, KY

Kimco Realty Corporation, New Hyde Park, NY

Limited Brands, Columbus OH

Lowes

Malcolm Riley and Associates Los Angeles, CA

Mary Lou Fiala, CEO, Loft Unlimited, Ponte Vedra Beach Florida

Marketing Developments, Inc. MI

Planning Developments, Inc. MI

JC Penney

Petco

The Pratt Company, Mill Valley, CA

The Rappaport Companies, McLean, VA

REI (Recreational Equipment, Inc.)

Reininga Corporation, Healdsburg, CA

Safeway, Inc.

Sears Holdings

The Seayco Group, Bentonville, AK

The Sembler Company, St. Petersburg, FL

Simon Property Group, Indianapolis, IN

Steiner + Associates LLC, Columbus, Ohio

Stirling Properties, Covington, LA

Tanger Factory Outlet Centers, Inc., Greensboro, NC

Target Corporation, Minneapolis, MN

Taubman Realty Group, Bloomfield Hills, MI

Tractor Supply Company

Vestar Development Co. - Phoenix AZ

Wal-Mart Stores, Bentonville, AR

The Weitzman Group, Dallas, Texas

Western Development Corporation, Washington, DC

Westfield, LLC., Los Angeles, CA

WDP Partners, LLC, Phoenix, AZ

Wolfe Properties, LLC, St. Louis, MO

