

Colin Hanna
Let Freedom Ring

Al Cardenas
American Conservative Union
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To: House (and Senate) Republicans
From: Colin Hanna & Al Cardenas
Subject: Marketplace Fairness Act: Pro-Growth Tax Reform

The Marketplace Fairness Act is a common-sense solution to the unequal tax treatment of online retailers and their brick-and-mortar competitors that affirms federalism by empowering states to make their own revenue policy choices.

No one is in favor of piling new tax burdens on hard-working Americans, least of all the two of us, and this bill does not impose any new taxes. As conservatives, we must a) ensure that all businesses and entrepreneurs are able to compete under the same rules on a level playing field, b) that the rule of law is upheld and c) affirm the principle of federalism. Further, we should ensure the cost of government is not hidden from its citizens. The Marketplace Fairness Act addresses each of these conservative goals.

Under current law, Americans who buy products online are required to self-report their purchases and remit the sales taxes owed on their tax return, a loophole that allows them to avoid paying taxes owed if they choose. If the same product were purchased at a Main Street store, it would have been taxed at the point of sale whether the customer is in-state or out-of-state.

Conservatives do not want the federal government picking winners and losers in the free market or undermining federalism by blocking the states' right to determine their own fiscal policies. Conservatives support equality of opportunity, not equality of outcome. The Marketplace Fairness Act addresses gross inequality of opportunity, further establishes federalism by providing states with the ability to make their tax systems more efficient and better aligned toward economic growth, and increases the productivity of job-creating local retailers.

Conservatives support this common-sense, pro-growth legislative solution. Here's what some top conservative leaders have said about the Marketplace Fairness Act:

“The real issue here is the fairness argument – that if you're an old fashioned store, you have to have your customers and you pay the sales tax and online you don't. Which, I mean, you're already at a disadvantage if you're an old fashioned store: you have to have, you have to cover rent, you have to cover insurance and all that. So I think you want to have something that will level the playing field. You can do it one of two ways. You abolish all sales taxes for real stores and nobody pays. Or you get the Internet people to pay the sales tax as well. I think the second one is the only way to do it, obviously.” – *Fox News* contributor Charles Krauthammer.

“Therefore – as with any pro-growth tax reform – the sales tax base in the states should be broadened by treating Internet retailers similarly to in-state retailers, and the marginal income-tax rate should be reduced such that the total static revenue collected by the state government is held constant. ... Addressing e-fairness from a pro-growth perspective creates several benefits for the economy.” – Economist Arthur Laffer, writing recently in the *Wall Street Journal*.

“If the advantage of tax-free Internet commerce marginally closes out local industry, reforms are required.” – *National Review* Founder William F. Buckley.

Conservatives support the Marketplace Fairness Act because it is pro-free market, pro-business, pro-fairness and pro-growth.