

June 21, 2013

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#### **ICSC and State Policy Groups Host Technology Briefing on the Marketplace Fairness Act**

This week ICSC partnered with the National Governors Association (NGA) and the National Conference of State Legislators (NCSL) to organize events for press and legislative staff to highlight the technological capabilities that currently exist for sales tax collection in multiple states. The day began with a press conference at the National Press Club, during which Representatives Steve Womack (R-AR) and Jackie Speier (D-CA) were joined by a key group of state leaders, technology companies and small business owners to discuss the technology behind the Marketplace Fairness Act. In the afternoon there was a briefing for Congressional staffers at the Rayburn House Office Building.

During both events, leaders of NGA and NCSL reinforced the overwhelming support that this legislation has from state and local government officials across the country. Following their remarks, two small business owners testified to the importance of creating a fair and level playing field for all sellers. Technology companies were also able to demonstrate the tax software that would be provided free of charge, by the state, to all business owners who would be required to collect and remit sales tax. One of the small business owners, who only began using the software recently, explained that without prior sales tax knowledge or special computer skills, he was able to use the software with ease. Members of the media as well as congressional staffers were given the opportunity to ask questions and try out the tax software for themselves.

#### **DC: Vote on Living Wage Pushed Back**

The DC Council has punted until June 26 any action on the Large Retailer Accountability Act, the proposed living wage bill that mandates all retailers who parent companies do \$1 billion or more in annual sales pay their DC employees at least \$12.50 an hour. The original bill only targeted billion dollar retailers and those who operate locations larger than 75,000 square feet. The bill was broadened in May to include other businesses when a DC Council Committee dropped the square footage requirement. It is unclear whether other amendments may be offered next week -- for now we are hearing about a possible change to restore the size requirement. It is also rumored that there may be an amendment offered which excludes hotels and restaurants from the measure. The business community is lobbying the Council to vote NO next week. For more information on how to do so, please contact Kent Jeffreys at [kjeffreys@icsc.org](mailto:kjeffreys@icsc.org).

#### **FL: State Reaches Deal With Amazon**

On June 13 Florida Governor Rick Scott (R) announced that the state reached a deal to bring Amazon distribution centers into Florida. This new deal includes creation of 3000 jobs and a \$300m investment along the I-4 corridor. As with other states with which Amazon has negotiated, the company will begin collecting sales tax from Floridians once a physical nexus (ex: warehouse, distribution center) is established. This deal comes weeks after the Governor rejected a deal with the company.

Amazon is currently collecting sales taxes in nine states and has deals with seven more to collect by January 1, 2014. In South Carolina, Amazon will begin collecting on January 1, 2016. Governor Scott's office stated that the agreement was for Amazon to begin collecting when it is required by state law, speculation is by 2016.

#### **NJ: Bill to Extend Development Fee Moratorium Moves Forward**

On June 20 the Senate Budget Committee and Assembly Budget Committee released (approved) S-2716. Sponsored by Senator Ray Lesniak (D-Union) and Assemblyman Gerry Green (D-Union) the bill extends the moratorium on the imposition of Statewide non-residential development fees until 2016 and establishes the "New Jersey Residential

Foreclosure Transformation Act.”

The bill, as amended, also now extends the moratorium on the 2.5% non-residential development fee until 2018, from the originally proposed 2016 sunset date. A floor vote on the legislation is expected Monday, June 24.

**MA: Bill to Update Uniform Commercial Code Passes House**

HB28, an act making amendments to the uniform commercial code covering general provisions, documents of title and secured transactions, unanimously passed in the House and is now in the Senate Committee on Ways and Means. The bill aims to update Massachusetts’ uniform commercial code to bring it in line with updates to the federal uniform commercial code which are due to take effect on July 1. One change in the uniform commercial code would modernize the state’s business practices by providing framework for the use of electronic documents of title, which current law does not address. Representative Joseph Wagner (D – Chicopee) spoke in support of the bill saying without it the state would be at a competitive disadvantage and risk losing commercial transactions across state lines. Representative Eugene O’Flaherty (D – Chelsea) also debated in support of HB28 saying that the idea is to establish uniformity so that there is an understanding among states about how transactions will be conducted. The bill also has the support of Associated Industries of Massachusetts and the Massachusetts Bankers Association.

**PR: Tax Overhaul Under Consideration**

In Puerto Rico ICSC understands that as of yet there is no new tax bill to replace H.B. 1073, the Tax Burden Adjustment and Redistribution Act. The Governor is seeking a tax bill to produce \$1.5 billion in revenue to the commonwealth. Representatives from the Congress and Executive Branch were meeting the week of June 17. As reported previously, the new framework under consideration is much scaled back from the original; the B2B provisions were to be reduced from \$883 million in projected revenues to \$110 million. We have yet to see a new final draft emerge.

Any new tax bill must be passed and signed into law before the start of the new fiscal year (July 1). For several years, Puerto Rico has issued large amounts of bond debt to finance development, while at the same time cutting some taxes and failing to effectively enforce collection of sales and gambling taxes. The result is a large shortfall in projected revenue which could trigger a downgraded credit rating and a reduction of state bonds to “junk” status. ICSC will provide more information as soon as it becomes available.

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