

E-FAIRNESS



OUR POSITION:

The International Council of Shopping Centers (ICSC) is seeking urgent passage of legislation to provide a federal solution for the sales and use tax inequity that community-based retailers have faced for decades.

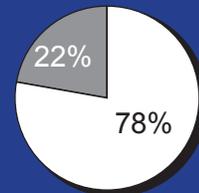
Under the current state sales and use tax system, community-based retailers must collect sales taxes on all sales, while their online competition is let off the hook. As a result, local merchants suffer from a government-sanctioned price disadvantage. Without taxes being collected at the time of purchase, by law, the burden falls on the consumer to report and remit.

For more than 20 years, ICSC has been actively involved in trying to find a pathway forward from the 1992 Supreme Court *Quill* decision, which invited Congress to resolve this inequity. In the meantime, the retail environment and technological capabilities have provided many of their own solutions to the issues of complexity that have held back e-fairness for merchants for so many years.

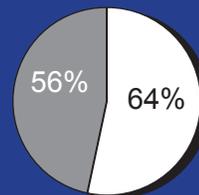
While ICSC remains a staunch advocate of the Marketplace Fairness Act, which passed with strong bipartisan support by the Senate in May 2013, we consider other workable solutions to this problem to be possible and worth considering. The House Judiciary Committee should move forward with legislation now and complete consideration of the issue this year, ahead of the 2014 holiday season.

ICSC holds significant concerns about some of the concepts that have been suggested. Most notably, we believe that origin sourcing for interstate sales, which would allow the remote retailer to collect sales taxes based on their physical location, is a fundamentally flawed concept. Origin sourcing creates unintended consequences and undermines the purpose of passing legislation by creating tax havens for remote sellers. Furthermore, origin sourcing places a new tax on consumers, forcing purchasers to pay sales and use taxes to a state that they do not live or vote in.

The time has truly come to do the right thing and level the playing field for 21st century retail. A sale is a sale no matter where it takes place.



78% of consumers would prefer the convenience of paying sales tax on online purchases at the time of sale.*



64% of Americans support federal legislation that would require online-only retailers to collect sales and use tax at the time of sale, a 5% increase from October 2012.*

The U.S. Senate passed the Marketplace Fairness Act with a strong bipartisan vote of 69-27.

**Polling conducted October 2013 by Opinion Research Organization.*

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