



Stand With
MainStreet.com

THE MARKETPLACE EQUITY ACT (HR 3179)

Reps. Steve Womack (R-AR) and Jackie Speier (D-CA)

LEVEL THE PLAYING FIELD FOR MAIN STREET BUSINESSES

- **Current System Hurts Small Businesses** – Because of a decades-old loophole that pre-dates the Internet, online-only companies can achieve as much as a 10% price advantage over brick-and-mortar retailers by not collecting state sales tax. This special treatment has the effect of the government picking winners and losers in the marketplace, and local businesses simply cannot compete over the long-term with online giants that have a competitive advantage based on government policy.
- **A Burden on Job Creators and State Governments** – Unless the system is corrected, local retailers – big and small – will increasingly be forced to close their doors, taking with them the millions of retail jobs they provide, as these businesses are punished by the government for following the law while their online competitors are exempt. This loophole is costing jobs on Main Street while shortchanging state budgets by an estimated \$11 billion in uncollected sales and use taxes annually.
- **States' Rights** – The states should be able to enforce their laws, regardless of whether a product or service is purchased from an in-state or out-of-state vendor. Congress should allow the states to enforce their own laws, taking the government out of the business of picking winners and losers.
- **Consumer Protection** – Few Americans know that their state requires them to pay the sales tax on purchases made online personally if the vendor does not collect it at the point of sale, leaving consumers vulnerable to penalties, interest, and increased scrutiny from state auditors.

WHAT THE WOMACK-SPEIER BILL DOES

- **Closes a loophole** exploited by online only giants to the detriment of traditional Main Street bricks-and-mortar retailers. The bill ensures that a sale is a sale is a sale, and no one class of merchants is given a government-sanctioned, unfair advantage.
- **Gives states the authority** to manage their sales tax laws as they see fit by granting them the authority to collect monies that are owed, but difficult to collect from out-of-state vendors.
- **Provides a simplified system** for state collection authority. In order to qualify, a state (individually or through an interstate compact) must implement a system that meets four minimum requirements: a robust small business exemption; a consistent rate throughout the state; a uniform set of rules; and a centralized filing point.
- **Relieves constituents of a reporting burden** that few are aware of and even fewer abide by. By shifting collection and reporting back to the vendor, consumers don't have to worry about being held liable by states.
- **Provides self-help for the states** without adding a penny to the federal deficit.
- **Provides a bipartisan solution** to an old but growing problem.