



Dave Heineman
Governor of Nebraska
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Dan Crippen
Executive Director

November 28, 2011

The Honorable Richard Durbin
United States Senate
Washington, D.C. 20510

The Honorable Michael Enzi
United States Senate
Washington, D.C. 20510

The Honorable Tim Johnson
United States Senate
Washington, D.C. 20510

The Honorable Lamar Alexander
United States Senate
Washington, D.C. 20510

Dear Senator Durbin, Senator Enzi, Senator Johnson and Senator Alexander:

The National Governors Association applauds your efforts to level the playing field between Main Street retailers and online sellers by introducing S. 1832, the "Marketplace Fairness Act."

As you know, years ago the Supreme Court opinion in *Quill Corp. v. North Dakota* stated that Congress has the authority to require out-of-state sellers to collect sales taxes. At present, states are unable to collect more than \$22 billion in sales taxes annually from remote sales made through catalogues or over the Internet. This also creates a price disparity between goods bought from the corner store and those bought online, effectively giving a continuing and growing subsidy to Internet sales.

Since the *Quill* ruling, at least two facts have changed: (1) the proliferation of computers to calculate taxes due on sales — just as shipping costs are determined based on Zip Code — and (2) a state agreement on streamlining and simplifying sales taxes so that it is easier to collect and remit sales taxes wherever a company does business.

The Marketplace Fairness Act recognizes these changes and uses them to grant authority to states that simplify their tax systems to make it easier to do business. This common sense approach will allow states to collect the taxes they are owed, help businesses comply with different state laws, and provide fair competition between retailers that will benefit consumers.

NGA looks forward to working with you as you work to enact the Marketplace Fairness Act and create a more level playing field for all sellers and consumers.

Sincerely,

Governor Bill Haslam
Tennessee

Governor Christine O. Gregoire
Washington