



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 22, 2013
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 743 – Marketplace Fairness Act of 2013

(Sen. Enzi, R-WY, and 28 cosponsors)

The Administration strongly supports S. 743, which will level the playing field for local small business retailers that are in competition every day with large out-of-state online companies.

Although States presently have the authority to tax the sale of goods or services sold from out-of-state vendors, they are prevented under current law from requiring the collection of such duly-enacted taxes. As a consequence, while local small business retailers follow the law and collect sales taxes from customers who make purchases in their stores, many big business online and catalog retailers do not collect the same taxes. Because these out-of-state companies are able to play by a different set of rules, this disparity undermines the ability of cities and States to invest in K-12 education, police and fire protection, access to affordable health care, and funding for roads and bridges. This bill would eliminate the unfair advantage currently enjoyed by big out-of-state online companies over local neighborhood-based small businesses.

In recent years, collection technologies have improved and States have made significant strides to cut red tape and simplify their tax systems. At the same time, Internet-facilitated sales continue to grow as a share of total transactions, contributing to ongoing State budget pressures. In recognition of these developments, a broad and growing group of bipartisan State and Federal leaders — including governors, mayors, business and labor groups, and members of Congress from both parties — has called for commonsense Federal legislation to make the system more fair.

The Administration strongly supports provisions in S. 743 that would directly address those concerns by granting only those States and localities that have simplified their sales tax systems the option to require all retailers, including those located out-of-state, to collect sales and use taxes already owed under law. The Administration also is pleased that S. 743 provides an exception for small online businesses and requires States to make available, at no cost to retailers, software that helps calculate the State sales tax on remote transactions, as well as administrative services.

The Administration looks forward to working with the Congress on this bipartisan legislation to support State and local priorities and promote a level playing field for local retailers.

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