



The Marketplace and Internet Tax Fairness Act (MITFA), S. 2609, combines the Marketplace Fairness Act, which passed the Senate last year with broad bipartisan support, with a ten-year extension of the moratorium on Internet access taxes.

Mayors, County Executives and Commissioners, Council Members and other appointed local officials urge your support for the Marketplace and Internet Tax Fairness Act because it:

- **Helps local businesses by creating a level playing field.** Currently, brick and mortar retailers are unfairly put at a 5-10 percent competitive disadvantage by following the law and collecting sales tax at the time of purchase, while remote online retailers are not required to do so. MITFA would put all sellers with \$1 million or more in annual remote sales on the same playing field.
- **Is not a new tax.** The Marketplace and Internet Tax Fairness Act simply allows states and local governments the option of enforcing existing sales tax laws on remote sales. It does not create new taxes or increase existing ones.
- **Is good for our residents and communities.** By allowing local governments to collect an estimated **\$23 billion** in uncollected sales taxes on remote sales that are already owed, **and** preserving the longstanding grandfather provision of Internet access taxes, which protects **\$500 million in annual revenues** in seven states, communities around the country can better provide essential services to residents without a penny coming from the federal Treasury.
- **Allows Congress the flexibility to respond to changes in technology that create significant revenue losses for their states and local governments.** As more and more services transition from cable and telecommunications to a nontaxable broadband network, local governments will begin to see a significant loss in revenue. This will impact a local government's ability to pay for aging infrastructure, public safety, and other essential, locally-delivered services. A ten-year moratorium will ensure that Congress revisit the moratorium to correct any unintended consequences.

- **Respects the judgment of state and local leaders and the principles of federalism.** The Marketplace and Internet Act Fairness Act acknowledges the well-established rights of states and local governments to govern in the best interests of their voters and constituents, and fosters the federal-state-local partnership that is essential for state and local elected leaders to fulfill their responsibilities to provide essential public services.
- **Does not implement a permanent preemption of state and local authority.** The necessity for any federal preemption of state and local authority must be carefully weighed against the cost to state and local governments. Further, preemptions should not be permanent; rather, they should be periodically revisited to determine whether the circumstances creating the need still exist. This is why our organizations have urged Congress to oppose measures that seek to make preemptions like the Internet Tax Freedom Act permanent.

For additional information, please contact any of our organizations' legislative representatives:

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