

Internet sales tax

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The MFA is unfair. With its misleading name, the "Marketplace Fairness Act" fits the worst stereotype of politics in promising one thing and delivering the opposite. "Fairness" requires local taxes to be paid for by local businesses who benefit from the local infrastructure, such as police, fire protection, water and sewer, etc. Businesses in another state do not directly benefit from local infrastructure, and should not be required to pay for it. But the MFA mandates it for online out-of-state businesses. Since these companies have no voice in local politics, MFA amounts to "regulation without representation." It is also unfair to force online businesses to collect sales taxes from all of their customers based on their residence while not requiring brick-and-mortar businesses to do the same.

The MFA takes more money from taxpayers to grow government. The focus may be out-of-state retailers, but it is consumers who will pay for it in taxes. The National Council of State Legislators claims that it would extract \$23 billion in new tax revenue. This explains why those responsible for local, state, and national government tend to like MFA. More money means that politicians have to make fewer tough spending choices, and could continue to grow government.

What the MFA proposes is illegal per the 1992 US Supreme Court case, Quill Corporation vs. North Dakota. Quill was a catalog mail order retailer who had no physical presence in North Dakota. Using a proper application of the "commerce clause," the Court correctly ruled that states cannot require retailers to collect state tax unless that business has a physical presence in that state. Today's politicians, eyeing internet sales as an untapped revenue stream, portray this case as being outdated, and call the "physical presence" requirement a "loophole." But out-of-state mail order sales is not substantially different from out-of-state Internet sales, and the "physical presence" is a clear standard that prevents states from overreaching in their tax-collection authority by imposing taxes on goods coming into their states. While the commerce clause was intended to prevent these protectionist tariffs, the MFA would essentially promote them.

The-MFA violates the 2016 national Republican platform, which promises: "We will consistently support internet policies that allow people and private enterprise to thrive, without providing new and expanded government powers to tax and regulate so that the internet does not become the vehicle for a dramatic expansion of government power."

The MFA will benefit large retailers, rather than "mom and pop stores" as is claimed. It is Walmart and the large chains who are killing small businesses. To the extent that this is simply

the free market at work providing goods that consumers demand at the best prices, we can accept that. But Walmart already has a physical presence in all the states and they sell online. Therefore, Walmart already collects sales tax from all of their US customers. These facts mean that the MFA is not aimed at Walmart (and other large retailers), but at protecting large retailers from their smaller competitors in states where those businesses have no physical presence.

The MFA is opposed by conservative and freedom-loving groups. It is opposed by Americans for Tax Reform, the Heritage Foundation, Heritage Action, National Taxpayers Union, the Competitive Enterprise Institute, FreedomWorks, Americans for Prosperity, the Cato Institute, Eagle Forum, the R Street Institute, the Ron Paul Institute for Peace and Prosperity, The Conservative Caucus, Center for Individual Freedom, the Campaign for Liberty, the Paul Harrell Program, and Conduit Media.