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March 11, 2014

The Honorable Bob Goodlatte
Chairman, House Judiciary Committee
2309 Rayburn House Office Building
Washington, DC 20515

The Honorable John Conyers, Jr.
Ranking Member, House Judiciary Committee
2426 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Goodlatte and Ranking Member Conyers,

On behalf of the 1 million members of the National Association of REALTORS® (NAR) and its affiliates, the CCIM Institute, the Institute of Real Estate Management (IREM), the Society of Industrial and Office REALTORS® (SIOR), and the REALTORS® Land Institute (RLI), thank you for holding tomorrow’s hearing entitled “Exploring Alternative Solutions to the Internet Sales Tax Issue.” NAR supports equitable sales tax treatment of all sellers, which is why we support S.743, the “Marketplace Fairness Act of 2013,” introduced by Senators Enzi (R-WY), Alexander (R-TN), Heitkamp (D-ND), and Durbin (D-IL), and its companion bill in the House, H.R. 684, introduced by Representatives Womack (R-AR) and Speier (D-CA). S.743 was passed by the Senate and has since been referred to the House Judiciary Committee.

While consumers are required under most state laws to pay sales and use taxes on their purchases, online sellers are not currently required to collect the tax in the same way that local businesses do. This unequal treatment puts local “brick-and-mortar” businesses at a competitive disadvantage. The resulting pressure on established retail districts and historic downtowns can adversely affect overall economic sustainability in a community, and can also lead local jurisdictions to attempt to make up the lost revenue by increasing property taxes which are paid by local businesses and residents.

Internet and other remote sellers, however, are typically physically located far from their customers, and do not pay property and other local taxes to help support local infrastructure of the communities in which they do business. Brick-and-mortar retailers do pay these taxes, and are thus put at a competitive disadvantage.

The Marketplace Fairness Act, a bipartisan piece of legislation, would authorize state governments to require remote sellers to collect sales taxes on Internet sales of goods that are delivered to their states. This measure would level the playing field between brick-and-mortar and e-commerce retail businesses, while assisting the states in collecting approximately \$23 billion in uncollected state sales and use taxes that are currently due on Internet and remote sellers.

NAR thanks the Committee members for their attention to this issue. We look forward to working with Congress to resolve this inequality in the sales tax treatment of traditional brick-and-mortar businesses and e-commerce retailers.

Sincerely,

Steve Brown
2014 President, National Association of REALTORS®

cc: House Judiciary Committee Members



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