

**CLARUS**  
**MARKETING**  
**GROUP**

449 Silas Deane Highway, Wethersfield, CT 06109

I am the President and Chief Operating Officer for a small business located in Wethersfield Connecticut, and I have some very serious concerns with Bill Number 5481. Due to the fact that we use websites to generate revenue and conduct business, we feel we are being unfairly targeted by legislation which would require retailers that advertise on websites, such as mine, to collect sales tax in Connecticut.

As I understand the legislation, the purpose is to create a nexus on affiliate marketing in order to require online retailers from all over the country, to collect and pay sales tax from customers in Connecticut, even though they do not have a physical presence here. The legislation would make this tax a requirement for any retailer that does business with an affiliate marketer that is located in Connecticut. While this may seem like a good idea, the reality is an online retailer will sidestep this legislation quite easily by terminating business relationships with Connecticut companies. There are dozens of retailers we have partnerships with, including Overstock.com and Amazon.com (the industry leader) who have already stated this publicly.

I am opposed to this bill because it would substantially harm the small business I run by reducing a large source of revenue that we rely on to survive. This revenue results from providing advertising on our websites as part of an "affiliate" or "associate" program with out-of-state retailers.

We are not traditional associates or a commissioned sales force for these retailers. Rather, we are paid for performance marketing advertising. Affiliate marketers DO NOT SELL for the retailer - *affiliate marketers advertise*. We do not own the customer, we do not transact a sale nor do we deliver products or services to consumers. We simply act as a vehicle to advertise said retailers in a trusted online shopping forum for consumers to shop and save on purchases made.

Clarus Marketing Group is the parent company of such popular websites as FreeShipping.com and Internet Insiders Club. We were founded by a Connecticut resident who, for years, worked on his own out of his home in Wethersfield. He has built a successful internet business that is growing year over year and proudly employs 20+ full and part time employees from twelve different area towns. Furthermore, due to our recent growth we are currently interviewing for several open positions within the company.

These 20+ employees depend on our internet, and specifically, affiliate success, to support their families and put food on the table. They pay income tax to the state and use their discretionary income on purchases made at retail stores throughout the state. We have been in business for over nine years and count our considerable growth to a strong retail directory which consists entirely of affiliate advertisers.

By promoting these retail links in our online directory, we provide a safe, secure shopping portal for consumers. In addition, the advertising we do for these retail merchants is no different than pay-for-

performance marketing on television, radio, print, and direct mail. We are no different than an offline advertising agency that is paid on performance.

If our valued online retail partners believe that doing business with us will result in their having to collect sales tax on all Connecticut sales, they'll likely sever ties with our business, putting the viability of Clarus Marketing Group at risk. Such was the case in New York State, North Carolina and Rhode Island. This left thousands of affiliates – most of which are small and medium-sized businesses with a major loss of income. This would be devastating for our company.

To put this in context, our business is growing (perhaps one of the few these days). We have an office at 449 Silas Deane Hwy in Wethersfield, and have recently expanded our space to allow for our future growth. I am sure the intent of this legislation is not to penalize businesses like ours, but that is precisely what it will do. I am quite certain the state will receive little, if any revenue from this, for the reasons mentioned above, and in fact it is businesses like ours that will help CT get back on track economically. With unemployment in our state just hitting 9%, now IS NOT the time to penalize growing businesses in Connecticut.

For these reasons, I respectfully oppose this legislation, and I plead with you to listen to the hard working entrepreneurs that shape the economic climate in this state, and let us continue to grow our business and hire more employees. Thank you very much for your consideration.

Sincerely,

Thomas M. Caporaso

President/Chief Operating Officer