



Internet Association

March 18, 2016

The Honorable John Fonfara
Co-Chair, Joint Finance, Revenue, and Bonding Committee
Legislative Office Building
Room 3700
Hartford, CT 06106-1591

The Honorable Jeffrey Berger
Legislative Office Building
Room 3704
Hartford, CT 06106-1591

RE: SB 448 – An Act Concerning State Tax Policy
OPPOSE

Dear Chairman Fonfara and Chairman Berger,

We are writing to respectfully request that you **OPPOSE SB 448**, which will be heard in the Joint Finance, Revenue, and Bonding Committee on Friday, March 18th. The proposal would require retailers without any presence in the state to collect and remit sales taxes to Connecticut tax authorities. We are extremely concerned about the implications this policy would have on consumers and businesses – small and large - in the State of Connecticut and the negative precedent it would set for online commerce nationally.

Online businesses are on sound Constitutional footing when not subjecting themselves to the burden of collecting and remitting sales taxes in the thousands of jurisdictions where they have no presence. Indeed, such an obligation would create an undue burden on Connecticut taxpayers and interstate commerce. Despite this, SB 448 inappropriately proposes to inject new uncertainty into business operations by requiring this collection and remittance by retailers.

These collection and remittance requirements are clearly at odds with the holdings of the U.S. Supreme Court, which has declared that such laws represent an unconstitutional burden on interstate commerce. Thus, SB 448 will lead to significant legal ambiguity for small and large businesses about whether or not they are now required to collect and remit sales taxes in states where they have no physical presence.



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Why should Connecticut taxpayers be on the hook for funding years of expensive litigation that could follow by the passage of this bill? Also, what are online sellers, who are driving small business growth around the country -- including in Connecticut -- to do during this time of indefinite regulatory purgatory?

Not only would it result in no new revenue to the state, such uncertainty in tax liability will have tangible harmful effects on business operations who may still have to collect and remit tax those years until a potential judicial review commences – from the bill's effective date, to a date uncertain.

Additionally, if SB 448 were to pass, we anticipate other states would look to enact similar legislation. The implications to Connecticut small business sellers could be extremely harmful. In part, if replicated in other states, a similar law could subject Connecticut businesses to potential audits from thousands of state and local jurisdictions around the country – states in which your Connecticut companies have no physical presence.

Connecticut is a state that has and should continue to support, applaud and be proud of its small businesses. These businesses allow the people of Connecticut flexibility of schedules, needed income to support families, and overall support for the American Dream. SB 448 sets the tone of over-broad taxation that threatens to take this away from small businesses outside the state and ultimately those in Connecticut as other states' tax authorities follow suit.

For these reasons and more, we respectfully ask for your **NO VOTE** on **SB 448**.

Sincerely,

Dustin Brighton

Vice President, State Government Affairs