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CLARK COUNTY
WASHINGTON

BOARD OF CLARK COUNTY COUNCILORS

Tom Mielke • David Madore • Jeanne E. Stewart

DRAFT

October 7, 2015

The Honorable Patty Murray
United States Senate
154 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Murray:

RE: SUPPORT THE MARKETPLACE FAIRNESS ACT (S 698)

On behalf of the Clark County, we are writing to request your support for the bipartisan *Marketplace Fairness Act (S 698)*. Such legislation would not impose a new tax, but would enable state and local governments to compel retailers to collect and remit sales taxes on online sales, which are already owed to them under current law.

The current tax structure for online sales creates vast disparities between brick and mortar businesses and online retailers, and costs state and local governments an estimated \$23 billion per year in taxes owed on remote sales. All 45 states that impose a sales tax already require consumers to pay a tax on online purchases. However no federal law exists to enable states to compel online stores to require consumers to pay this tax. In the absence of such a law, these taxes are not being paid, and local businesses are being put at a five to ten percent competitive disadvantage to remote sellers.

Passing internet sales tax legislation now has never been more important because of the tremendous growth in online sales that has taken place over the years. And as online sales continue to increase the amount of taxes going unpaid to state and local governments to provide critical community services also increases. For example, according to the Department of Commerce e-commerce sales in 2005 were \$87 billion, and grew by nearly 40 percent to \$225.5 billion in 2012. The time for congressional action to repair this broken tax system, redress these losses and level the playing field for both brick and mortar and online retailers is now.

Thank you for your consideration of this important request. We hope you can sign on as a cosponsor of S 698. We look forward to working with you to advance Senate consideration of this bill.

Sincerely,

David Madore, Chair

Jeanne E. Stewart, Councilor

Tom Mielke, Councilor



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The Honorable Maria Cantwell
United States Senate
511 Hart Senate Office Building
Washington DC 20510

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The Honorable Jaime Herrera-Beutler
U.S. House of Representatives
O.O. Howard House (Officers' Row)
750 Anderson Street, Suite B
Vancouver, WA 98661

Dear Representative Herrera-Beutler:

RE: Cosponsor HR 2775 – *The Remote Transactions Parity Act*

Clark County asks for your support and co-sponsorship of the Remote Transactions Parity Act (H.R. 2775). This bill will modernize our nation's outdated sales tax collection process. The Remote Transactions Parity Act does not impose a new tax, but instead levels the playing field between online and brick-and-mortar stores by closing the online sales tax loophole. Sales taxes are owed on all purchases, and it is unfair for online retailers to skip collecting taxes, while the stores in our community collect all owed taxes.

The Act will also provide local governments with the resources needed to invest in communities, build infrastructure and provide important services like police protection, mental health services, and emergency response.

Today's marketplace offers consumers more choices than ever, but the existing outdated and inequitable tax and regulatory environment puts traditional retail outlets at an unfair disadvantage. The Supreme Court's decision in *Quill Corp. v. North Dakota*, 504 U.S. 298 (1992), left state and local governments unable to adequately enforce their existing sales tax laws on out-of-state catalog and online sales.

Fortunately, with its clear constitutional authority to regulate interstate commerce, Congress can give states and local governments the power to require sellers who do not have a physical presence in their jurisdiction to charge and collect sales taxes. We strongly urge you to support our local businesses and cosponsor H.R. 2775. Thank you for your leadership on this issue, and for all your hard work on behalf of Clark County.

Sincerely,

David Madore, Chair

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The Honorable Maria Cantwell
United States Senate
511 Hart Senate Office Building
Washington DC 20510

Dear Senator Cantwell:

We are writing to let you know of the negative consequences that the 40 percent tax (also called the "Cadillac tax") on health benefits will have on both the state and local government employers, as well as their employees.

The Affordable Care Act imposes a 40 percent nondeductible excise tax on the value of employer-sponsored health coverage that exceeds certain benefit thresholds – initially, \$10,200 for self-only coverage and \$27,500 for family coverage beginning in 2018. This tax is threatening the employer-sponsored health care system and the health care coverage of over 150 million Americans across the United States. While this tax was alleged to be levied on only a small number of plans, current projections, as well as our actual experience with health care costs, show that this 40 percent tax will affect the health plans of all types of employers and a wide range of workers, including low- and moderate-income families, retirees, as well as the self-employed.

This tax has particular consequences for state and local governments. A disparity in salaries exists between the public and private sector in professional and technical level positions. In order to remain competitive, the public sector has offered benefits as a more significant portion of its compensation packages. This 40 percent tax is a broad-based tax on health benefits that applies not only to insurance premiums but also to tools that employers use to contain health care costs, such as Health Savings Accounts and Flexible Spending Arrangements, on-site wellness clinics, certain wellness plans and other pre-tax health benefits. To lessen the impact of the 40 percent tax these benefits will be reduced. A reduction in these benefits will make state and local government compensation less competitive with the private sector and consequently we will lose some of our best and brightest employees.

We urge you to take quick action to prevent this tax from negatively impacting our employees and the employer-based health care of millions of workers. Currently, there is legislation being introduced that would repeal this 40 percent tax and allow Americans to retain the current level of health care they enjoy. Please support this legislation and give state and local government the ability to attract and retain its most valuable resource—our employees.

Sincerely,

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