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April 22, 2013

The Honorable Mark Warner
United States Senate
475 Russell Senate Office Building
Washington, DC 20510

Dear Senator Warner:

We understand that the Senate is planning to vote as soon as this week on S. 743, The Marketplace Fairness Act of 2013. The Northern Virginia Technology Council (NVTC) urges you and your colleagues in the Senate to amend this legislation to provide for adequate protection for small technology businesses in Virginia.

While NVTC supports federal Internet sales tax legislation, we do so only if there is a reasonable small seller collection exemption to protect small Virginia technology businesses from new burdens, a single audit requirement across all states so small Virginia businesses do not face audits in multiple states, and a one-stop tax registration and remittance process for technology businesses operating in multiple states. We believe S. 743 falls short in meeting these protections for small Virginia businesses. We are concerned that if S. 743 is not amended, it will make it more difficult for small retailers to compete online with large retailers, resulting in lost jobs, competition and innovation in Virginia.

Small Business Exemption

NVTC believes a reasonable small business exemption is necessary to protect small Virginia technology businesses from the new burdens that will be imposed through federal Internet sales tax legislation. S. 743 currently exempts businesses with \$1 million or less in national sales, a threshold which is entirely too low to protect small Virginia retailers trying to compete with large retailers who dominate Internet retail today. According to analysis shared by NetChoice Executive Director Steve DelBianco before the United States Senate Committee on Commerce, Science and Transportation on August 1, 2012, adopting a \$15 million small business exemption would still require the top 500 online retailers to collect and remit Internet sales tax. These retailers collectively accounted for 93% of uncollected sales taxes from e-commerce in 2011. We have attached Steve DelBianco's testimony for your review.

Single Audit Across All States

Audits can be time-consuming and costly, especially when conducted by tax authorities in states in which businesses do not have a physical presence. NVTC is concerned that small Virginia retailers who do not have a physical presence in other states would be subjected to audits from 46 separate state tax authorities under the provisions of S. 743. The legislation should be amended to provide for a single audit rule under which states will respect the outcomes of a single audit by any state on behalf of all states.



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One-Stop Tax Registration and Remittance

S. 743 will require small Virginia technology businesses to register with and remit taxes in every state in which they have a customer. Registration and remittance in every state is a burdensome requirement which imposes new costs disproportionately on small Internet businesses. NVTC believes this legislation should be amended to provide for a one-stop centralized registration and remittance process across all states.

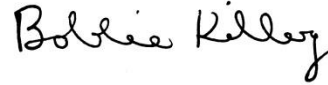
We recognize this legislation is on a fast track in the Senate, and that it was not reported from a Senate committee where it might have undergone a more stringent committee-level scrutiny and review process. Unless it is amended, we believe S. 743 will have a detrimental impact on the competitiveness of many small Virginia technology businesses and also on Virginia's technology economy in general. We urge you to review NVTC's concerns and to champion the amendments we have suggested.

Thank you for your consideration.

Sincerely,



Brad Antle
NVTC Board Chair
President, Salient Federal Solutions



Bobbie Kilberg
President and CEO

