



Memorandum

To: The Honorable Representative Jeff McClain, Chair, and The Honorable Representative Gary Scherer, Co-Chair, of the House Committee on Ways & Means

Cc: Adam Schwiebert, Legislative Aide

From: Matt Mincieli, Northeast Region Executive Director, TechNet

Date: May 12, 2015

Re: Testimony on H.B. 23, Re Collection of Sales Tax on Remote Sellers

Chairman McClain, Vice Chairman Scherer, and through you to the members of the House Committee on Ways & Means, thank you for the opportunity to provide testimony on H.B. 23.

My name is Matt Mincieli, and I'm the Northeast Region Executive Director for TechNet (www.technet.org). TechNet members are Chief Executive Officers and Senior Executives of the nation's leading companies in the fields of information technology, ecommerce, cyber security, social media and apps, biotechnology, clean energy and venture capital/finance. TechNet champions policies that foster a climate for innovation, allowing technology companies to create, thrive and compete to the benefit of their consumers.

As currently drafted, I regret to inform the Committee, and specifically the sponsor of the bill who is also sits on Ways & Means, that TechNet opposes H.B. 23 and respectfully urge that the Committee recommend it "ought not pass" in this current legislative session.

The reason for TechNet's opposition is twofold, one: it creates an administrative burden to collect a tax that other states have already tried and not been able to effectively collect and two: while TechNet understands the desire of the state to attempt to do what other states have and close the loophole created by the Supreme Court ruling, there is legislation currently filed in Congress that would preempt any legislation passed in Massachusetts and create even more confusion for retailers and businesses. Even the National Conference on State Legislators stated that "Unfortunately, state attempts alone will not solve the problem; it must be solved by Congress."

TechNet represents many companies who do business in all fifty states and we've watched as other states have enacted "sales tax fairness" legislation, creating a patchwork of tax collection laws that differ from state to state and create confusion and undue burdens on the companies, the local retailers and the state agencies charged with trying to collect the taxes.

Also, many states continue to find the revenue benefits of taxing remote sellers are not what were promised when the law was enacted. For example, Connecticut Revenue Commissioner Kevin Sullivan said “We have not seen any appreciable or demonstrable relationship between the legislation and entities collecting and remitting taxes that were not collecting and remitting before.” In Rhode Island, there has even been legislation filed this session to repeal the “Amazon Tax”. The sponsor of the legislation said that since the adoption in 2009 of a remote sellers tax, Amazon and Overstock had dissolved their relationships with entities in the state and the Department of Revenue had seen no monetary gain. He said it ends up costing the citizens money as opposed to helping local business.

In closing, TechNet would urge the Committee to recommend H.B. 23 “ought not to pass” and encourage the Ohio Legislature to wait for Congress to enact the Marketplace Fairness Act, not try and force the federal government’s hand, on an issue that may very well end up being decided by the Supreme Court ruling on the validity of such a law before passing any state legislation requiring the collection of sales and use tax on remote sellers.

Thank you for your time and consideration of our testimony and should you have any questions or concerns, please feel free to contact me at mmincieli@technet.org.