



May 27, 2019

Honorable Assemblymember Autumn R. Burke
State Capitol, Room 5150
Sacramento, CA 95814

**RE: AB-147 Use taxes: collection: retailer engaged in business in this state:
marketplace facilitators. – SUPPORT**

Dear Assemblymember Burke,

Independent California is a non-profit that seeks policy changes to move California in the direction of greater independence. I am writing today to express our support for AB 147, which seeks to eliminate sales tax losses through a loophole that allows out-of-state retailers to avoid California sales and use taxes by selling through a large facilitator such as Amazon or Wayfair.

When our schools are underfunded and health care costs are increasing, Californians currently forgo on as much as \$1.8 billion annually in public money because huge online retailers have used this loophole to allow “third-party” sellers to avoid paying California taxes.

Taxpaying California businesses are impacted as well, as they are forced to compete with out-of-state businesses which, operating in a legal gray area, sell similar products tax-free. Amazon and others have tacitly encouraged sellers to take advantage of the loophole; Amazon's third-party business has more than doubled in the last several years, and now makes up more than half of Amazon's business.

In short, it is time for California to protect the public services Californians rely on and level the playing field for California business by reforming our sales and use tax law.

We believe AB 147's approach is both legally valid and will work well in practice. Washington State and Pennsylvania already require Amazon and other marketplace facilitators to calculate, collect and remit taxes on such sales; their systems appear to be operating smoothly, and the online sales platforms are cooperating. Truly independent out-of-state merchants selling less than half a million dollars worth of merchandise a year to Californians will be unaffected; it would be hard to argue that this bill places a significant procedural burden on any business.

In voting power, federal tax policy, access to federally funded services, and a host of other areas, Californians are put at a systemic disadvantage relative to residents of other states. This bill does not so much put Californians first as simply ensure that we are treated equally, which is really not so much to ask.

Sincerely,

A handwritten signature in black ink that reads "Dave Marin". The signature is written in a cursive, flowing style.

Dave Marin
Chair of the Board
Independent California
dave.marin@independentca.org