

EDDIE DAY PASHINSKI, MEMBER

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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

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MEMORANDUM

To: Members of the House of Representatives
From: Representative Eddie Day Pashinski
Date: June 8, 2011
Subject: Proposed Legislation – Closing the “Amazon Loophole”

In the near future, I intend to introduce legislation that would address a significant lack of uniformity in the current system of state sales and use tax collection. As you may be aware, the Commonwealth cannot require merchants to collect taxes on sales into Pennsylvania unless the merchants have a physical presence in the state. This disparity stems from two U.S. Supreme Court decisions that predate popular use of the Internet and e-commerce. My proposal would provide a desperately needed modernization of our current system by updating what constitutes a “presence” in the Commonwealth.

Fair competition is a cornerstone of capitalism. My legislation would end the unfair advantage held by catalog and online merchants over those on Main Streets throughout Pennsylvania. According to a recent study by Professor Robert Strauss of Carnegie Mellon University, uncollected sales taxes could exceed \$400 million in 2012. He also projects that requiring all merchants to collect taxes on sales into the state would increase our bricks-and-mortar merchant sales by up to \$216 million annually, create nearly 3,000 new jobs, and boost wages by more than \$100 million.

I hope you will join me in ensuring competitive fairness for Pennsylvania businesses, increasing state revenue, and creating jobs. While these are always laudable goals, they are especially important as our economy continues to recover from the worldwide economic downturn. If you are interested in co-sponsoring this legislation, please contact Lauren Bordner at lbordner@pahouse.net.