

# U.S. Rep. Sensenbrenner: Bipartisan group of lawmakers introduces bill to stabilize pending interstate sales tax chaos

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CONTACT: Christopher Krepich, 202-225-5101

**WASHINGTON, D.C.** This week, Congressman Jim Sensenbrenner (WI-05), Congresswoman Anna Eshoo (CA-14), Congressman Jeff Duncan (SC-03), and Congresswoman Zoe Lofgren (CA-19) introduced the Online Sales Simplicity and Small Business Relief Act to clarify interstate sales tax collection requirements in light of the Supreme Court's decision in *Wayfair v. South Dakota*.

**Rep. Sensenbrenner:** "This bipartisan legislation reins in the taxation free-for-all created by the Supreme Court's ruling in *Wayfair*. Online sellers need clarity and stability in the sales tax arena. Our bill will protect small businesses and Internet entrepreneurs from excessive regulatory burdens. Throughout the Fifth Congressional District, I continually hear from businesses that they need 'certainty.' This bill provides that."

**Background:** In June, the Supreme Court handed down a ruling in *Wayfair v. South Dakota* that overturned decades of precedent regarding online and interstate sales tax collection requirements. In the *Wayfair* decision, the Court struck down the "physical presence" standard established under *National Bellas Hess, Inc. v. Department of Revenue of Ill.* and *Quill Corp. v. North Dakota*. Under that precedent, out of state sellers, also known as remote sellers, were not required to collect sales tax on transactions made in a state in which they did not have a "physical presence," such as an office, store, or warehouse.

Moving forward, all remote sellers that continue to do out of state business will be required to navigate the more than 10,000 different tax jurisdictions each time they complete a transaction. While some retailers can absorb the costs of the additional regulatory burden, thousands of independent online entrepreneurs will be harmed.

The House Judiciary Committee held a hearing in July titled “Examining the Wayfair decision and its Ramifications for Consumers and Small Businesses.”

**How the bill works:** The Online Sales Simplicity and Small Business Relief Act bans retroactive taxation, establishes an orderly phase-in of compliance obligations, and creates a small business exemption. Specifically, it bars states from imposing sales tax collection duties on remote sellers for any sale that occurred prior to June 21, 2018—the date of the Wayfair decision. It also prevents states from imposing sales tax collection duties before January 1, 2019. Finally, it provides a \$10 million exemption for small business sellers, until the states produce a compact, approved by Congress, to simplify collection to the point where no small business exemption is necessary.

You can view the full the text of the bill [here](#).