

# U.S. Rep. Sensenbrenner: Leads bipartisan effort to ease online sales tax concerns

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**Washington, D.C.** Today, **Congressman Jim Sensenbrenner** (WI-05), Congresswoman Anna Eshoo (CA-14), Congressman Jeff Duncan (SC-03), Congresswoman Zoe Lofgren (CA-19), and Congresswoman Ann Kuster (NH-02) introduced the Online Sales Simplicity and Small Business Relief Act. This bipartisan legislation would ensure that states cannot require remote online sellers to collect sales tax retroactively on transactions made before January 1, 2019. It would also relieve small online businesses from sales tax collection obligations on transactions made in another state.

**Rep. Sensenbrenner:** *"I've heard from online sellers in Wisconsin and across the country who are concerned with the complexity of the post-Wayfair tax regime. Small business owners, in particular, have shared fears that they will be unable to bear the new compliance burdens and may have to shutter their businesses. I'm proud to introduce this bipartisan legislation to provide clarity and certainty to all online sellers as well as relief to the small businesses that need it the most."*

**Rep. Eshoo:** *"Small businesses are the backbone of our economy, which is why Congress must do everything it can to ease the cost of complying with new online sales tax laws. This bipartisan bill protects small businesses from the complicated and burdensome patchwork of state and local tax laws resulting from last year's Wayfair Supreme Court decision."*

**Rep. Duncan:** *"As a small business owner and former auctioneer, I understand the threat posed by the complications and uncertainty from the Wayfair Supreme Court case. The results of the case would be detrimental to small businesses around the country, and I'm proud to be a part of this bipartisan solution to provide relief."*

Background:

Last June, the Supreme Court handed down a ruling in *South Dakota v. Wayfair* that overturned decades of precedent regarding online and interstate sales tax collection requirements. In *Wayfair*, 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.

Since then, some states have begun requiring all remote sellers that continue to do out-of-state business 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 are harmed.

The House Judiciary Committee held a hearing last 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 tax collection requirements and creates a small business exemption. Specifically, it would bar states from imposing sales tax collection duties on remote sellers for any sale that occurred prior to January 1, 2019. It would also exempt small business sellers who gross less than \$10 million in annual sales from collection duties until states produce a compact, approved by Congress, to simplify collection to the point where no small business exemption is necessary.

Congressman Sensenbrenner introduced similar legislation in the 115th Congress.