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Secretary of State

Marketplace Fairness Act of 2013 Summary

Passed in Senate by a vote of 69-27, 4 did not vote. (Mississippi Senators voted yes)

The purpose of the legislation is to provide States with the ability to enforce their existing state and local sales and use tax laws in a way that does not unduly burden e-commerce.

The legislation does not require States to collect sales and use taxes. Instead, the legislation gives States the ability to collect – or decide not to collect – sales and use taxes from the online retailers rather than rely on individuals to accurately report their online purchases. Under the Marketplace Fairness Act, States can begin collecting these sums by adopting one of the following options:

- Become a Member State of the Streamlined Sales and Use Tax Agreement
- Adopt Minimum Simplification Requirements

The legislation recognizes that States should not be required to conform to a one- size-fits-all model.

- Any State may collect sales and use taxes if they adopt minimum simplification requirements.
- Authority to collect begins on the first day of the calendar quarter that is at least 6 months after the State enacts legislation to implement the minimum simplification requirements to provide sellers with additional notice of the collection requirement.

Supporters argue that small sellers will not be unduly burdened by the act since the legislation exempts sellers with less than \$1,000,000 in gross remote sales.

Opponents argue that the Act would allow states to impose massive regulation and taxation requirements on online businesses outside their jurisdictions, would place difficult compliance hurdles on online businesses, and would lead to higher costs for consumers.

