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AMSF RELEASE: In Case You Missed It! Tax-Free Online Sales Not Friendly To Michigan Business

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In Case You Missed It!

Tax-Free Online Sales Not Friendly To Michigan Business

Jim Hallan & Phil Wrzesinski
June 6, 2011
The Jackson Citizen Patriot

The budget debate in Lansing has captured the attention of hard-working families and job creators across the state, with lawmakers debating tax policy and cuts to our schools and emergency responders as they search for the best way to patch a massive state budget shortfall.

The deficit is compounded by a massive job-killing loophole in Michigan's tax law that is putting small businesses at a serious competitive disadvantage with their out-of-state, online-only competitors, while putting Michigan shoppers in the unfortunate position of being responsible for uncollected taxes many are unaware they even owe.

Retailers from Grand Rapids to Port Huron have been tackling tough budget choices themselves each and every day during Michigan's lost decade, changing and modernizing the way they operate simply to stay afloat, employing nearly 800,000 Michiganders, and providing more than \$100 billion worth of goods and services each year to local consumers.

But today, many large online-only retailers selling goods in Michigan, but headquartered out-of-state, avoid collecting hundreds of millions of dollars in sales taxes, while their brick-and-mortar competitors in our state are required to do so.

This puts the honest small businesses like Toy House and Baby Too in Jackson and others in communities across the state at a serious competitive disadvantage as they are unfairly undercut on price because they collect the tax as required by law.

Furthermore, this compounds the state's budget crisis. This is extremely unfair to Michigan families and the employers who pay state and local taxes, and contribute to our communities in so many ways.

What's more, just about everyone has purchased an item online. Very few of us, though, know someone who voluntarily reported that purchase and wrote a check to the Michigan Treasury to cover the sales tax, as required by law.

That's understandable. It isn't that folks are trying to avoid paying the taxes they owe. Most online shoppers likely don't even know that they're required to keep track, report to Lansing and then pay on tax day what is owed from purchases made on the Internet.

Meanwhile, tax revenue that's legally required but uncollected leaves lawmakers in Lansing scrambling year after year to fill massive budget holes. The National Conference of State Legislatures estimates that for the 2012 fiscal year, Michigan will miss out on nearly \$300 million in uncollected sales tax alone.

Now is the time to act, and the good news is these are problems that can be remedied this year.

Other states around the country are already ahead of the curve. Job-friendly states like Texas are working toward e-fairness. In fact, numerous states have enacted e-fairness laws since 2008 and more are considering doing so.

These states have protected their local job creators from unfair pricing disadvantages that once threatened to drive them out of business and helped fund critical public services during a down economy.

Now is the time for lawmakers in Lansing to lead, passing critical legislation leveling the playing field for employers and protecting hard working families in Michigan. It is time for Lansing to recognize that a sale is a sale is a sale.

The alternative is just more of the same, and that's the last thing any of us can afford.

Jim Hallan is president of the Michigan Retailers Association. Phil Wrzesinski owns Toy

House and Baby Too, 400 N. Mechanic St.

To access the op-ed in The Jackson Citizen Patriot, [click here](#).

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