



SIOUX FALLS AREA
CHAMBER OF COMMERCE
Progress is everyone's business

Position Statement:
Marketplace Fairness Act

The Marketplace Fairness Act

The U.S. House of Representatives is currently considering legislation that has passed the U.S. Senate and would require remote sellers to collect and remit state and local taxes based on the destination of an online or catalog sale. Both Senators Johnson and Thune supported the bill in the Senate.

The proposal would:

- Require all remote sellers with remote sales in excess of \$1 million to collect and remit state sales tax to the state where the transaction terminates. Today, many companies (e.g. Amazon) do not collect or remit SD sales tax. If this passes, a remote sale terminating in South Dakota would require the seller to collect and remit 6 percent in sales tax to our state with 4 percent retained by the state and 2 percent distributed to communities. Total South Dakota receipts have been estimated at \$60 million per year. It is hard to estimate local impact, but \$3-5 million for Sioux Falls is a reasonable estimate given the state's projection.

Recommended Position: The Chamber should adopt a position to support passage of the Marketplace Fairness Act and encourage Rep. Noem to continue to support this legislation and advocate for its passage.

Rationale: This is not a new tax or additional tax, but rather an issue of fundamental fairness and South Dakota has done its part to prepare for this as we await federal approval. Passage will assure local businesses that large online or catalog remote sellers do not have an inherent tax advantage.