

from the desk of:
R. David L. Campbell
Chief Executive Officer

Governor Paul LePage
Office of the Governor
#1 State House Station
Augusta, ME 04333-0001

Wednesday, March 28, 2012

Dear Governor LePage,

I read with interest and appreciation your March 12th letter to Senators Snowe and Collins asking them to support the Marketplace Fairness Act (MFA), which would allow states to require online retailers to collect sales tax. I also read, less happily, that eBay has attacked your support of the MFA. I would like to thank you for supporting the MFA and assure you that solutions to the concerns eBay raises not only exist but are easy and inexpensive.

First, some background on me. I am the CEO of FedTax, a small start-up business founded in 2008 with the express purpose of making it easier for retailers to collect sales tax. FedTax has been designated a Certified Service Provider by the Streamlined Sales Tax Governing Board (SSTGB) specifically for our TaxCloud online sales tax management service.

I could not agree more with the points you make in your March 12 letter: brick-and-mortar retailers are currently at a disadvantage compared to online retailers, which do not have to collect sales tax, and this disadvantage ultimately harms both businesses and communities. And like you, I believe the MFA would level the playing field for all retailers and is necessary to keep the nation's businesses healthy and competitive.

However, eBay's argument that the MFA could harm small online retailers is simply wrong. As your representative Adrienne Bennett noted to the press, the MFA exempts businesses with less than \$500,000 in sales from the requirement to collect sales tax. But even if they were not, or if businesses with more than \$500,000 were considered small, collecting sales tax online does not require vast resources. In fact, using our TaxCloud service doesn't require any resources at all, because it is completely free.

Any retailer that uses an online "shopping cart" or order management system can register with our service and be ready to collect sales tax in 20 minutes (or less), no matter how small they are. In fact,

almost 1,500 online retailers rely upon our services today— ranging in size from one-person shops to fortune 500 businesses. And, as already mentioned, our service is completely free to retailers.

What does this mean for small online retailers who may be concerned about collecting sales tax? Simply put, it means that they don't have to worry. TaxCloud and the five other online sales tax management services that have been tested and certified by the Streamlined Sales Tax states have taken the much of the cost and complexity out of collecting sales tax online.

As you noted in your letter to Senators Snowe and Collins, allowing retailers to compete on a level playing field has far-reaching benefits for communities, increasing sales, creating jobs, and adding to local economies.

It would also ensure that, in these troubled economic times, when so many states are forced to reduce or cancel vital public services, billions of dollars in currently uncollected sales tax would make it to the states. Studies estimate that this year, uncollected sales tax on internet purchases in Maine alone will reach \$32.1 million.¹ That money would not only lessen the need for further cuts to state services, it could also allow for the possibility of cutting other taxes. It does all this without creating a new tax or raising taxes—it just makes it possible for Maine to collect the tax that is already due (and has been since Main adopted sales tax in 1951).

Since inception we have been working closely with state and local governments, members of Congress, and other allies in the effort to level the playing field for Main Street retailers, and we would be honored to provide your office with any assistance you may deem necessary. We have briefed Senators Snowe and Collins staff members recently about TaxCloud, and are eager to return to Washington DC if they would like to learn more about how it will be both easy and affordable for retailers to comply with the Marketplace Fairness Act.

Once again, thank you for your support of the Marketplace Fairness Act. I strongly believe that it's the best thing for states and local communities.

Best regards,



R. David L. Campbell
Chief Executive Officer
The Federal Tax Authority (FedTax)
Direct: (203) 883-1153
Internet: <http://taxcloud.net>

¹ Source: "State and Local Government Sales Tax Revenue Losses from Electronic Commerce" - University of Tennessee, 2009 - <http://tinyurl.com/6gu77s8>