



1919 Pennsylvania Ave. NW, Suite 725
Washington, D.C. 20006
Phone: 202-332-0500
www.mmtconline.org

December 13, 2018

The Honorable Mitch McConnell
U.S. Senate
Office of the Majority Leader
S-230, The Capitol
Washington, D.C. 20510

The Honorable Paul Ryan
U.S. House of Representatives
Office of the Speaker
H-232, The Capitol
Washington, D.C. 20515

The Honorable Charles E. Schumer
U.S. Senate
Office of the Minority Leader
S-221, The Capitol
Washington, D.C. 20510

The Honorable Nancy Pelosi
U.S. House of Representatives
The Office of the Democratic Leader
H-204, The Capitol
Washington, D.C. 20515

Support S. 3581 & H.R. 7058 the “Digital Goods and Services Tax Fairness Act of 2018”

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan, and Democratic Leader Pelosi,

The Multicultural Media, Telecom and Internet Council (“MMTC”) urges you to acknowledge the clear and immediate need to develop a national framework that protects millions of American consumers from duplicative and discriminatory taxes imposed on digital commerce. Senators John Thune (R-SD) and Ron Wyden (D-OR), and Representatives Lamar Smith (R-TX) and Steve Cohen (D-TN), recently introduced S. 3581 and H.R. 7058, respectively, the Digital Goods and Services Tax Fairness Act of 2018, which would set up a framework that states could follow to impose taxes fairly on the digital economy, if and only if, they choose to tax such commerce.

MMTC has long been a staunch supporter of efforts to promote internet access, adoption, and informed use, particularly among low-income, minority consumers. To this end, in 2015, we supported the Internet Tax Freedom Act,¹ which permanently banned taxes on internet access, and in 2017, we raised concerns about the Oregon Supreme Court granting providers the right to charge internet service fees.² In today’s digital era, where the sale of digital goods and services has seen explosive growth, and millions of low-income Americans still struggle to afford basic internet access, it is imperative that legislation address duplicative and discriminatory digital commerce taxes that further price hard-working Americans out of online opportunities and discourage internet adoption and use.

¹ See MMTC Press Statement, “MMTC Supports Congressional Move to Permanently Ban Internet Access Taxes,” December 11, 2015, available at <https://www.mmtconline.org/wp-content/uploads/2015/12/MMTC-Press-Statement-MMTC-Supports-Congressional-Move-to-Permanently-Ban-Internet-Taxes121115.pdf> (last visited December 10, 2018).

² See Eugene OR ITFA Joint Letter, June 15, 2017, available at <https://www.mmtconline.org/wp-content/uploads/2017/06/Final-Joint-Letter-Eugene-OR-ITFA-061517.pdf> (last visited December 10, 2018).

Hon. Mitch McConnell
Hon. Charles E. Schumer
Hon. Paul Ryan
Hon. Nancy Pelosi
December 13, 2018
Page 2.

We believe that Congress must provide a clear roadmap for states to follow to fairly impose taxes on digital goods and services. Multiple states can claim the right to impose taxes on a given digital transaction based on numerous factors, including the consumer's home state, a state they may have been travelling through or visiting, or the location of the seller of the digital good or service. Without a legislative framework, these factors can leave consumers subject to duplicative taxes because existing state laws that govern interstate commerce are antiquated and not sufficient enough to address the complexities of digital sales.

To be clear, the bill would not *mandate* any state to tax a digital good or service or establish any sort of national sales tax on digital commerce. The simple framework would only set up a system to determine which state has the right to tax digital goods, if it chooses, based solely on the state in which the purchaser resides, eliminating opportunities for other states to impose duplicative taxes. In short, this legislation is good for both businesses and consumers – it would provide the legal certainty needed for how state and local taxes can be applied equitably and fairly to the digital economy, and eliminate consumer and business confusion and unfair duplicative taxes.

We strongly urge you to enact this important legislation before the end of the 115th Congress, or failing that, prioritized immediately during the 116th Congress.

Respectfully,

A handwritten signature in black ink, appearing to read "Maurita K. Coley", written in a cursive style.

Maurita K. Coley
President and CEO