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Isaac M. O'Bannon • Jul. 31, 2014



Inaction by Congress on closing the internet sales tax loophole could result in states having to raise taxes and in some cases implement more harmful taxes that stifle economic growth. That's according a new video testimonial, released by The Alliance for Main Street Fairness.

In the video, Dr. Laffer explains that with exemptions and loopholes in the sales tax code, it usually results in a higher rate. The Alliance is an organization of corporations and policy thought leaders who are lobbying Congress and educating

taxpayers on why the internet sales tax loophole, which results in non-taxed

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state will be and you find that very, very true use those proceeds to reduce far more damaging taxes in the state."

Last year, Dr. Laffer authored Pro-Growth Tax Reform and E-fairness, a study that outlines how states can responsibly implement e-fairness legislation by reducing other harmful taxes which prohibits economic growth, while providing fairness to local retailers. The study called on governors and state legislators to reduce harmful taxes like income taxes, corporate taxes and estate taxes by ensuring online-retailers play collect and remit sales taxes like their brick-and-mortar counterparts. Implementing e-fairness would not only close a pre-Internet tax loophole, it would ensure low rate, flat tax that could create 1.5 million jobs over the next decade.

Governors Scott Walker, John Kasich, Gary Herbet, and Butch Otter have all signed into law legislation would call for an income tax reduction once e-fairness passes Congress this year. At least 12 states are considering similar measures.

Last week, state legislators, Tea Party activists and local businesses leaders gathered in Texas to call for a substantial reduction in the Texas Margins Tax by using the revenues from federal e-fairness legislation. If Congress acts on e-fairness legislation this year, Texas legislators could reduce the Margins Tax by at least 60 percent, solidifying its position as the number one creator of jobs in the nation. The Margins Tax is a type of income tax that both small and big businesses have made a priority to repeal.

"States should not have to result to tax increases because of a sales tax loophole that pre-dates the Internet," said Joshua Baca, spokesperson for the Alliance for Main Street Fairness. "E-fairness is a simple concept that allows states to implement progrowth reforms instead of increasing taxes. As Dr. Laffer outlines, a sales tax cannot

be a low rate, flat tax when online retailers are exempt. It's time to give power back to

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