



FreedomWorks



## 20+ Conservative Organizations to South Dakota Legislature: Oppose Online Sales Tax Proposal

February 2, 2016

Dear South Dakota State legislator:

On behalf of our organizations and the millions of citizens we represent, we write in strong opposition to the online sales tax proposal currently being considered in the South Dakota state legislature. This misguided plan (SB 106) would empower South Dakota to collect taxes from businesses with no presence in the state, and would create host of economic, logistic, and Constitutional problems.

Allowing states to assert tax authority on businesses outside their borders is also constitutionally suspect and practically unwise. It's constitutionally suspect because the interstate commerce clause exists precisely to empower Congress to prevent such activities and because Supreme Court precedent underscores the importance of physical presence. It's practically unwise because it could subject South Dakota businesses to the tax collectors of states that don't share your generally conservative governance, like California, New York, and Illinois.

Despite proponents' claim to the contrary, online sales tax legislation would impose high costs of compliance on businesses, especially small businesses and individual sellers. Keeping constantly-changing rates, bases, and collection methodologies, would be very challenging for remote sellers, and may even prevent some from selling to South Dakota consumers. This is a much higher collection standard than bricks-and-mortar sellers, which are only required to collect at the rate of their physical location.

We oppose efforts to impose tax collection and reporting requirements on businesses without a physical presence in the state, including measures like SB 106 and others like it.

Sincerely,

Ben Lee, South Dakota State Director  
Americans for Prosperity

Grover Norquist, President  
Americans for Tax Reform



Wayne Brough, PhD, Chief Economist and VP for Research  
FreedomWorks



Lisa B. Nelson, CEO  
The Jeffersonian Project, an affiliate of the American Legislative  
Exchange Council



Brandon Arnold, Executive Vice President  
National Taxpayers Union



Andrew Moylan, Executive Director and Senior Fellow  
R Street Institute



George David Banks, Executive Vice President  
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Sean Noble, President  
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Coley Jackson, President  
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Peter J. Thomas, Chairman  
Americans for Constitutional Liberty



Norm Singleton, President  
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Jessica Melugin, Adjunct Fellow  
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David Williams, President  
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