



JEWELERS OF AMERICA

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Jewelers of America Urges Reintroduction and Passage of the Sales Tax Fairness and Simplification Act

Legislation would level the playing field between online and brick-and-mortar retailers

New York, NY – Jewelers of America, the national trade association for businesses serving the fine jewelry retail marketplace, is urging Congress to reintroduce and pass the Sales Tax Fairness and Simplification Act, which would permit states to require that remote sellers, such as Internet companies, collect and remit sales and use taxes. Currently, states are not permitted to require that remote sellers collect these taxes.

“The new law would close an Internet sales tax loophole that is affecting our members severely,” wrote Jewelers of America President and CEO Matthew A. Runci, in a letter sent to Sen. Michael B. Enzi (R-WY) and Rep. William Delahunt (D-MA), who sponsored sales tax fairness bills in the last Congress. “Countless sales have been lost when consumers gain information at a brick-and-mortar store, but then purchase their items on the Internet – because they are not required to remit sales tax.”

Internet and other remote sellers have had an advantage over brick-and-mortar stores for more than 15 years, because the Supreme Court in 1992 barred states from requiring that remote sellers collect sales taxes. At the time, the Court ruled that remote retailers conducting business nationwide would find it too difficult to collect taxes for so many different jurisdictions.

Today, however, the Streamlined Sales and Use Tax Agreement (SSUTA) – which has been adopted by 22 states already – has simplified state sales-and-use tax rules, brought uniformity

to the definitions of items in the sales tax base, reduced the paperwork burden on retailers and incorporated new technology to modernize administrative tax collection procedures. These changes enable remote retailers to use streamlined electronic systems to collect various taxes.

The Sales Tax Fairness and Simplification Act may have more momentum in 2009, as ailing state governments seek much-needed additional sales tax revenues. A University of Tennessee study has estimated a revenue loss to state and local governments of over \$30 billion annually in uncollected sales taxes for remote sales. “With growing state budget deficits, the potential revenues couldn’t come at a better time,” says Runci.

Jewelers of America has been working on the sales tax fairness issue for many years. The association is a member of a Sales Tax Fairness Coalition, which consists of businesses, shopping centers, associations and states, working to get the legislation enacted.

“Sales tax fairness legislation would eliminate an inequality in the tax code that for too many years has penalized consumers who wish to shop with Main Street retailers,” wrote Runci in his letter to Enzi and Delahunt. “Particularly in the midst of a negative economic environment, being able to sell a product minus a sales tax provides a major advantage for the remote retailer. Jewelers and other business owners should no longer be burdened with this competitive disadvantage.”

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About Jewelers of America:

Jewelers of America is the national trade association for businesses serving the fine jewelry retail marketplace, representing 11,000 member stores. Jewelers of America's primary purpose is to improve consumer confidence in the jewelry industry by: serving as a forum for discussion and analysis of issues; playing a leadership role in public, government and industry affairs; advocating professionalism, including high ethical, social and environmental standards; and facilitating members' access to education. For more information about Jewelers of America, visit www.jewelers.org.