



City of Broken Arrow

Request for Action

File #: 17-1924, Version: 1

**Broken Arrow City Council
Meeting of: 03-07-2017**

**To: Mayor and City Council
From: Office of the City Attorney**

Title:

Consideration, discussion, and possible approval of Resolution No. 992, a Resolution of the Broken Arrow City Council urging all United States Senators to reintroduce the Marketplace Fairness/Digital Parity Act into the United States Senate during its 2017 session; urging all members of the House Judiciary Committee to act on the Marketplace Fairness/Digital Parity Act or other legislation to collect and remit sales taxes structured on a system of collection bases upon the purchaser's location; urging the United States Senate and the United States House of Representatives to hold votes to pass the Marketplace Fairness/Digital Parity Act or other legislation to collect and remit sales taxes structured on a system of collection based upon the purchaser's location during the 2017 session; and directing the City Clerk to provide attested copies of this Resolution to the Speaker of the United States House of Representatives, Chairman of the House Judiciary Committee, the Senate Majority Leader of the United States Senate, the Honorable James Inhofe, United States Senator, and the Honorable James Lankford, United States Senator

Background:

Many State and Local governments rely on the collection of sales and use taxes to support funding to improve needed infrastructure improvements, strengthen local small businesses, create jobs for their citizens, and fund essential services. Local small business confronts expanded competition from the explosion of Internet sales by remote sellers who are unwilling to collect and remit properly assessed sales taxes to State and Local governments. National studies reveal that State and Local governments lose approximately \$30 Billion each year from uncollected sales taxes from transactions involving remote Internet retailers. It is estimated that the City of Broken Arrow has lost millions of dollars in uncollected sales and use taxes from remote online sales. State and Local associations, including the Government Finance Officers Association, the National League of Cities, the National Association of Counties, the United States Conference of Mayors, and the National Governors Association, along with partners in the retail community, worked together for years to develop a fair and easy system to collect and remit these sales taxes structured on a system of collection based on the purchaser's location. Through this collaborative effort, an effective and efficient response in eliminating the competitive disadvantage faced by local small business retailers appeared in 2013 when the Marketplace Fairness/Digital Parity Act passes in the United States Senate through a bi-partisan effort and would have established a fair system for the collection of existing taxes owed to State and Local governments, and address

the pressing need to level the playing field among remote Internet sellers and local “bricks and mortar” retailers.

Following the passage of the Marketplace Fairness/Digital Parity Act by the United States Senate in 2013, the United States House of Representatives did not vote on it or any alternative to address this critical economic development issue, and this inaction by the House of Representatives caused the United States Senate to reintroduce the Marketplace Fairness/Digital Parity Act in 2015.

2017 is the opportunity for the 115th Congress to demonstrate political courage and break this unwarranted and unjustified stalemate by moving the Marketplace Fairness/Digital Parity Act or other legislation to collect and remit sales taxes structured on a system of collection based on the purchaser’s location. It will protect localities and level the playing field between local retailers and remote Internet sellers.

Staff is recommending that the City Council urge the United States Congress to enact legislation that will enable State and Local governments to collect revenues due to local government that are essential to the expansion of local and regional economies, creation of thousands of new jobs, enhancement of the quality of life within our communities, and preservation of limited State and Local revenue sources.

Cost: **Postage**

Prepared By: **Beth Anne Wilkening, City Attorney**

Reviewed By: **Finance Department**

Approved By: **Michael L. Spurgeon, City Manager**

Attachments: **Resolution No. 992**

Recommendation:

Approve Resolution No. 992 and its execution