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**INTERNET SALES TAX EFFORT
PICKS UP BIPARTISAN SUPPORT**

Anaheim, CA. November 16, 2011. A new bill has been introduced in the Senate with bipartisan support to give states a couple of options to collect sales taxes from out-of-state online businesses.

Senators Lamar Alexander (R. TN), Dick Durbin (D. IL) and Mike Enzi (R. WY) along with seven other senators, introduced a measure in early November that would close a nearly 20-year old loophole and provide a simpler method to collect sales taxes from Internet retailers rather than relying on consumers to pay.

Durbin had earlier introduced a bill labeled the "Main Street Fairness Act" geared to accomplish the same goal, which the World Floor Covering Association (WFCA) endorsed. That proposed legislation failed to attract any Republican support. Much of what was in the Durbin bill has been incorporated into this new proposed legislation.

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“This will empower states to make the decision themselves,” Senator Enzi said.

“If they choose to collect already existing sales taxes on all purchases, regardless of whether the sale was online or in a store, they can. If they want to keep things the way they are, it’s a state choice.”

This bill would close a loophole created in a 1992 Supreme Court decision that exempted retailers who had no physical presence in a state from collecting sales taxes in that state. At the time, the ruling was targeted at catalog purchases, but the explosion of Internet sales has since radically altered the retail landscape.

The legislation would streamline over 7,500 local tax systems, which at the time of the ruling, the Supreme Court said were too complicated for a retailer to determine the right amount of tax to collect.

Like Senator Durbin, the WFCA now is backing the new proposed legislation. “Our objective all along has been to level the playing field between ‘bricks and mortar’ retailers and etailers,” said D. Christopher Davis, President & CEO, WFCA. “This bill appears to be one many on both sides of the aisle can support and pass into law, and that is the end game.”

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The Senate bill provides states with two options to meet certain requirements, including agreeing to voluntarily participate in the Streamlined Sales and Use Tax Agreement.

A total of 24 states have permanently changed their tax laws and implemented the requirements of the agreement, which would help harmonize states' sales and use tax rules.

Alternatively, states that do not wish to join the group with the other states would be allowed to collect the taxes only if they adopt certain minimum simplification requirements – setting up a single state agency through which retailers can send the taxes, providing a uniform sales and use tax base, providing software to help collect taxes and protecting remote sellers from liability for mistakes made in collections if the information was provided by the state.

The legislation allows sellers that make less than \$500,000 in total sales in the year preceding the sale to qualify for an exemption and not be required to collect the tax.

Senators Tim Johnson (D. SD), John Boozman (R. AR), Jack Reed (D. RI), Roy Blunt (R. MO), Sheldon Whitehouse (D. RI), Bob Corker (R. TN) and Mark Pryor (D. AR) are also co-sponsors of the legislation. A similar bipartisan bill was introduced in October in the House by Representatives Steve Womack (R. AR) and Jackie Speier (D. CA).

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The WFCA, official sponsor of Surfaces, is the floor covering industry's largest advocacy organization representing floor covering retailers, contractors, manufacturers, distributors and allied service providers throughout North America and the world.

The association is a recognized leader in marketing research and industry certification programs and operates the premier consumer flooring website, wfca.org, providing unbiased information about every type of floor covering and connecting customers to member retail stores. The WFCA also influences public policy affecting the floor covering industry and consumers. For more information about the WFCA, visit WWW.WFCA.ORG and WWW.WFCA-PRO.ORG.

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