



Senator George S. LeMieux
Chairman of the Board of Trustees

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**Comments to the Honorable Ana Maria Rodriguez, Chair, and Members of the
Senate Finance and Tax Committee regarding SB 50 --- Sales and Use Tax**

My name is Dominic M. Calabro and I am President and CEO of Florida TaxWatch, an independent, nonpartisan, nonprofit, taxpayer research institute & government watchdog which, for over 40 years, has worked hard to improve the effectiveness, efficiency, and accountability of Florida government and promote a fair and equitable system of taxation.

Florida TaxWatch supports the enactment of legislation that modernizes our tax system and removes barriers to competition that Florida businesses face. [Our research](#) provides support for legislation that would require out-of-state retailers with no physical presence in Florida to collect state and local sales tax on taxable items delivered to purchasers in our state. Legislation, such as SB 50, remedies a longstanding problem that hinders state and local tax collections and currently places Florida businesses at a competitive disadvantage.

After being viewed as unconstitutional for many years, the U.S. Supreme Court (*South Dakota v. Wayfair, Inc.*) in 2018 ruled that states can **apply reasonable requirements** for remote vendors to collect sales and use taxes on sales to residents even if the vendor does not have a physical presence in the state. **Florida is one of only two states that has not taken steps to implement the collection and remittance of sales taxes by remote sellers** in the wake of the U.S. Supreme Court decision. The issue here is not one of adding a new tax --- because **the tax is already owed under current law** --- but one of shifting the burden of collecting the taxes on remote sales from Florida consumers to where it belongs -- out-of-state retailers. Millions of Floridians are now subject to collection action by the state (e.g., auditing, fines, and penalties) even though many are unaware.

Not collecting sales tax on remote sales means that **Florida's state and local government miss out on legally owed revenue.** New estimates from the Florida Revenue Estimating Conference found that **not collecting sales tax on remote sales tax costs Florida state government \$1.080 billion annually and an additional loss to local governments of \$254 million annually.** This revenue could be used to help balance the budget and reduce burdensome taxes, such as local and state communications services taxes and the business rent tax.

For the Retail Trade industry, **enacting E-fairness legislation helps correct unfair competitive disadvantages** both for sales conducted through brick-and-mortar stores in Florida and when selling into other states that have enacted E-Fairness. Not requiring collection of remote sales taxes **puts Florida retailers at a competitive disadvantage, distorts purchasing decisions, is unfair to Floridians that do pay the tax, and makes millions of Floridians—often unwittingly—lawbreakers.**

E-fairness legislation is about tax system modernization. The Supreme Court has finally empowered the state to **modernize this important revenue stream** and enabled us to **remove a barrier to competition previously imposed on Florida-based businesses.** Florida must take advantage of this opportunity. We look forward to working with you and your colleagues as this issue is addressed.