

Congress of the United States
Washington, DC 20515

November 24, 2020

The Honorable Gene L. Dodaro
Comptroller General of the United States
Government Accountability Office
441 G Street NW
Washington, D.C. 20548

Dear Comptroller General Dodaro:

We request that the Government Accountability Office (GAO) conduct an updated comprehensive study on interstate sales and use tax and the impact of the *South Dakota v. Wayfair* Supreme Court decision on American businesses.

We ask that GAO update its November 2017 report on estimated revenue and compliance costs related to interstate sales and use tax so that it reflects actual (calendar year 2018 and 2019) and estimated (calendar year 2020 and 2021) revenue that states and localities have generated and are expected to generate by requiring businesses to collect sales and use taxes as a result of the *Wayfair* decision.¹ The updated study should also reflect actual compliance costs for businesses (calendar year 2018 and 2019), including software costs, start-up and administrative costs, filing, audit and assessment compliance costs, and costs associated with research and liability.

Specifically, we request that such a study address:

- How increased uniformity in an economic threshold standard for sales tax applying across all states would impact small businesses. How would such a uniform standard impact state revenues?
 - What are the costs incurred by small businesses as a result of the *Wayfair* decision, including compliance costs and enforcement costs, in addition to the revenues gained by each state or locality by *Wayfair*?
 - What potential liabilities do businesses and their owners face when audited by each state?
- What variance exists between different states' sales tax regimes?
 - Please evaluate the successes and failures in how different approaches to implementing online interstate sales taxes impact businesses and states.
 - Are there any states with sales tax regimes whose complexities have forced businesses to alter their business plan or strategy?
- How many businesses meet the various thresholds as set forth by the states

¹ Government Accountability Office. SALES TAXES States Could Gain Revenue from Expanded Authority, but Businesses Are Likely to Experience Compliance Costs. Issue brief no. 18-114, Government Accountability Office, Nov. 2017.

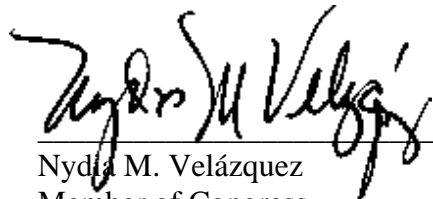
- For each state and nationally, how many businesses may meet the various thresholds set by states, meaning they would be liable to pay sales and use tax?
- The Streamlined Sales Tax Governing Board (SSTGB) registers businesses that they deem as remote sellers that would be required to pay sales tax on interstate sales. How does the number of registered businesses through SSTGB compare to the number of business GAO is able to estimate to be required to pay sales tax on interstate sales?
- How would more consistent and clear definitions for marketplace facilitators and marketplace providers impact business complexity issues and state revenue?
- How many CPA and/or law firms are capable of advising on sales tax requirements for all 50 states?
- What would cause a business conducting interstate e-commerce to become non-compliant with post-*Wayfair* decision sales tax liabilities?
 - What would be required for such a business to come into compliance?
 - What is the cost of such compliance?
- What is an estimated cost to integrate sales tax software, train employees, or bring on a third party to come into compliance?
 - What are the estimated costs of compliance incurred by large businesses (more than 500 employees) compared to costs incurred by “small businesses” (less than 500 employees)?
- What are states doing to notify parties affected by the *Wayfair* decision?
 - Is that outreach effective?
- What, if any, federal resources exist that can help guide businesses’ decision-making when it comes to navigating sales tax jurisdictions and other e-commerce issues?
 - What are other commonly used resources to help businesses navigate the post-*Wayfair* decision sales tax landscape? Are any of these resources maintained at official government offices?

If you have any questions, you may contact Nathan Riggins on Rep. Kim’s staff at Nathan.Riggins@mail.house.gov. We look forward to reviewing this report and appreciate your time and attention to this important matter.

Sincerely,



Andy Kim
Member of Congress



Nydia M. Velázquez
Member of Congress



Ron Wyden
United States Senate



Sharice L. Davids
Member of Congress



Ben Cline
Member of Congress



Jason Crow
Member of Congress