



STATE OF WASHINGTON
DEPARTMENT OF REVENUE

December 20, 2007

Avin M. Domnitz
American Booksellers Association
828 South Broadway
Tarrytown, New York 10591

Dear Mr. Domnitz:

Thank you for your recent letter dated December 26, 2007, in which you comment on how online retailers and commercial resellers are neglecting their obligation to collect sales tax, which creates an unfair advantage for online businesses. Your inquiry to Governor Gregoire's office has been forwarded to the Department of Revenue for response.

Facts Presented:

American Booksellers Association is requesting that the state enforce its sales tax laws on online businesses. American Booksellers Association feels that online retailers and commercial resellers are neglecting their obligation to collect sales tax and wants the state taxing authority to enforce the laws that are already in place. If not, small businesses will be hurt due to an unfair advantage from online businesses.

Answer:

Thank you for sharing your concerns regarding the challenges faced by small, local booksellers. These issues are very real and of great concern to Governor Gregoire and the Department of Revenue.

The federal laws currently in place require states to prove that an online seller has a "physical presence" in that state in order to require the online seller to register in that state and collect / remit that state's taxes. This burden of proof is very difficult to overcome. This is why the state of Washington has joined with other states to petition Congress to remove that burden of proof and require all remote sellers to collect and pay taxes in the states where they make sales.

Taxpayer Services

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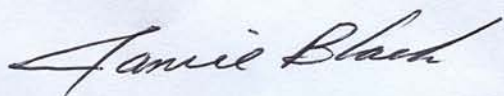


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Washington has also joined a national effort to standardize sales and use tax. Washington recognizes that many businesses that collect sales tax are losing sales to out-of-state, remote retailers that don't charge sales tax. As you note, these retailers have a competitive advantage over traditional brick-and-mortar businesses located in Washington. A national effort, the Streamlined Sales and Use Tax Agreement, simplifies and standardizes the way each state taxes goods, so it is easier for online and mail order retailers to collect sales tax. In order to join this effort, Washington recently passed legislation to adopt destination-based-sales tax. (For further information regarding destination-based-sales tax, please visit our web site at www.dor.wa.gov)

If you have further questions, please do not hesitate to write.

Sincerely,

A handwritten signature in cursive script that reads "Jamie Black".

Jamie Black
Tax Information Specialist
Taxpayer Information and Education