



## **Why New York should not enact *Part X* of the Governor's 2015 Budget Bill, a mandate for new tax burdens for online marketplaces.**

### **1. A barrier to new jobs and investment.**

This tax mandate would create a significant barrier to attracting new jobs and investment to New York, since it would discourage the growing array of online marketplaces from creating any presence in the state.

Online marketplaces that are growing today – without a New York presence – include Alibaba, Buy.com, iCraft.com, Newegg.com, Overstock.com, Bonanza.com, Shoply.com, Zibbet.com, and many more.

Marketplaces are not anxious to add new tax obligations for every seller used by customers in New York, so they will refrain from hiring any employees or investing in New York.

### **2. Some marketplace businesses might even leave New York.**

Businesses that are portable can move to escape new regulation and taxes.

In 2009, New Yorkers lost affiliate advertising revenue when the legislature passed the so-called Amazon Tax. In 2010, North Carolina nearly lost hundreds of jobs when MarketAmerica prepared to leave the state to escape proposed sales tax legislation. And in 2011, Illinois lost major coupon businesses FatWallet and CouponCabin as they made a public show of moving to neighboring Wisconsin to escape a similar law.

### **3. This would penalize marketplaces that remain in New York.**

Large online marketplaces who decide to stay in New York will lose sales as sellers leave their marketplace to avoid new sales tax burdens.

For established sellers without a New York presence, it's easy to switch marketplaces and to direct customers to the seller's own website to avoid New York sales tax. More important, that switch deprives NY-based marketplaces of the sales commissions and customer traffic that follows sellers to other websites.

For all these reasons, New York lawmakers should remove *Part X* from the state's budget bill – before it cuts into economic development and harms the companies helping to grow jobs and investment in New York.