



Office of the City Clerk



R2012-780

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City Council Document Tracking Sheet

Meeting Date:	7/25/2012
Sponsor(s):	Tunney, Thomas (44)
Type:	Resolution
Title:	Resolution urging United States Congress to enact legislation to bring equity and fairness to the marketplace
Committee(s) Assignment:	

*Consent
Calendar* *OK* *gumb*

RESOLUTION

WHEREAS, A 1992 United States Supreme Court decision held that the Commerce Clause of the U.S. Constitution denies states the authority to require the collection of sales and use taxes by remote sellers that have no physical presence in the taxing state, but invited Congress to exercise its authority to “decide whether, when, and to what extent” the states may require sales tax collection on remote sales; and

WHEREAS, The National Conference of State Legislatures estimates that the State of Illinois (FY 2012) is unable to collect more than \$1 billion in uncollected sales tax revenue due to this loophole in the law; and

WHEREAS, The City of Chicago is unable to collect millions of dollars in sales tax revenue every year due to this loophole in the law; and

WHEREAS, The City of Chicago and State of Illinois should be able to collect sales tax revenue which can be used to pay off budget deficits and fund core government operations; and

WHEREAS, The Illinois General Assembly overwhelmingly passed legislation in a bipartisan fashion that was signed by Governor Quinn in 2011 forcing remote sellers with a “nexus” in Illinois to collect and remit sales tax; and

WHEREAS, Remote sellers like Amazon.com and Overstock.com immediately severed its ties with affiliates to avoid collecting sales tax leaving the unmet tax obligation to taxpayers who can be audited and penalized even though they may not be aware of this loophole in the law; and

WHEREAS, Brick-and-mortar retailers collect and remit sales taxes, create jobs, stimulate the local economy and support local charities and community organizations; and

WHEREAS, The current system puts Chicago employers at a competitive disadvantage since brick-and-mortar retailers collect and remit sales tax at a 9.25% tax rate while remote sellers undercut those same businesses in pricing since they do not charge a sales tax; and

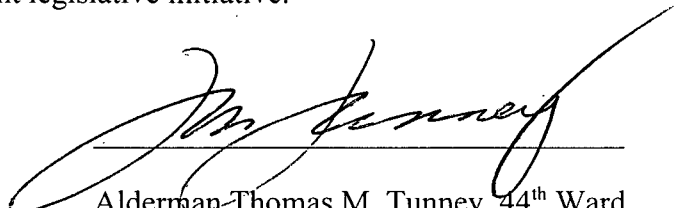
WHEREAS, A sale is sale whether it takes place online or at a local business; the sale is made and the tax is owed. The same rules that apply on Main Street should apply online. This is not a tax increase, rather it merely involves collecting the sales tax owed. It’s simple and a matter of fairness; and

WHEREAS, Momentum is growing across the Nation as several states and units of government are urging a federal solution to resolve this matter; and

WHEREAS, The City of Chicago supports leveling the playing field between remote sellers and brick-and-mortar retailers; now, therefore,

BE IT RESOLVED, That we, the Mayor and Members of the City Council of the City of Chicago, assembled this twenty-fifth day of July, 2012, do hereby call upon the United States Congress to enact legislation to bring equity and fairness to the marketplace; and

BE IT FURTHER RESOLVED, That the City Clerk is directed to present suitable copies of this resolution to the Illinois Delegation to the United States Congress as a sign of our concern and support for this critically important legislative initiative.



Alderman Thomas M. Tunney, 44th Ward