

Texas will lower margins tax when Congress acts on e-fairness

TX Legislators ready plans to cut margins tax once sales tax loophole is closed by Congress

Austin, TX - Today, three Republican state legislators announced plans to introduce legislation that will reduce the tax burden on Texas small businesses by cutting the Texas Franchise Tax - generally known as the "margins tax" - once Congress closes the online sales tax loophole.

State Representative Allen Fletcher (R-Tomball), Chairman of the Legislature's 66-member Tea Party Caucus; State Senator Bob Deuell (R-Greenville), Chairman of the Senate Economic Development Committee; and State Representative John Raney (R-Bryan), a House Appropriations Subcommittee Vice Chairman, made the announcement jointly.

"Internationally recognized economist, Dr. Art Laffer, who was a senior economic advisor to President Ronald Reagan, recently completed a comprehensive analysis of the benefits of closing the sales tax loophole and cutting taxes. That study projected that Texas will see more than 156,000 new jobs created and \$63 billion added to its economy in the coming decade once online retailers start collecting and remitting sales taxes like every Texas retail store has been doing since the sales tax was invented," stated State Representative Allen Fletcher (R-Tomball).

"Once Congress acts on "e-fairness" legislation, we pledge to pre-file legislation for introduction in the next session of the Texas Legislature that will cut or even eliminate the so-called 'Margins Tax' - a tax on the income of our state's businesses that are the engines of job creation and economic growth across Texas," Representative Fletcher announced. "Closing loopholes and cutting taxes is the right approach for Texas, and we trust that our own Texas Congressional Delegation and other leaders in Congress will give us the opportunity to enact pro-growth tax reform that also ensures all retailers operate on a level playing field."

Judiciary Committee Chairman Bob Goodlatte (R-VA) has just released "principles" for e-fairness legislation that will close the online sales tax loophole. Texas Republicans Lamar Smith, Louis Gohmert, Blake Farenthold and Ted Poe serve on the House Judiciary Committee along with Democratic Congresswomen Sheila Jackson-Lee.

"Ending the government-imposed competitive disadvantage that results from letting out-of-state Internet retailers off the hook from collecting our state sales tax will level the playing field for our Texas retailers," said State Senator Bob Deuell. "This long-overdue federal action will also allow those of us in the Texas legislature that believe in lower taxes to provide relief to our small business taxpayers who

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have been burdened with a margins tax that is both poorly structured and fundamentally unfair.”

“My goal is to ensure that our Texas retail stores, the two million of our citizens they employ, every Texas family who shops in these stores, the local communities where the stores are located, and every Texas citizen will benefit from the passage of e-fairness legislation,” Senator Deuell said.

“Reducing the burden of the margins tax on our businesses with the additional sales tax revenue that will be collected from out-of-state Internet retailers will allow these job creators to invest even more in our communities and to the economic future of Texas, while at the same time making the entire tax system fairer and more transparent” Senator Deuell concluded.

“Passing ‘e-fairness’ legislation at the federal level will free us to modernize our tax laws and bring a measure of relief from the burden that the so-called ‘margins tax’ places on Texas business,” said State Representative John Raney (R-Bryan), the Vice Chairman of the House Appropriations Subcommittee that oversees spending on Articles VI, VII & VIII.

“Texas conservatives aren’t buying the disinformation campaign that’s going on in Washington on this important issue, and we are making that clear to our Texas Congressional Delegation,” added Representative Raney. “Our formula for success here in Texas is that everybody wins when there is a level playing field for all business owners and when we keep taxes low. My colleagues and I want to make Dr. Laffer’s vision of expanded economic growth and new jobs a reality in Texas just as soon as Congress unties our hands,” Representative Raney added.

“With the utmost respect for their service to our nation and high regard for the many difficult issues and challenges with which they struggle on our behalf, we call upon our fellow Republicans in the U.S. House of Representatives including Speaker of the House John Boehner (R-OH), Majority Leader Eric Cantor (R-VA), House Judiciary Committee Chairman Bob Goodlatte (R-VA) – and certainly those in our Texas Delegation – to end the practice of government picking winners and losers by giving special treatment to out-of-state Internet retailers by passing pro-growth ‘e-fairness legislation’ that will allow the Texas Legislature to provide important tax relief to our businesses, both large and small,” concluded Fletcher.

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