



March 4, 2010

The Honorable Charles Colgan
Virginia General Assembly
P.O. Box 406
Richmond, VA 23218

Dear Senator Colgan;

On behalf of the 3,000 members of the Virginia Retail Federation, we want to clarify our position on the budget going forward in conference this week. The retail industry, the state's second largest employer, has suffered a hard-hitting blow during the economic downturn. Our retail members are barely making ends meet and many are closing their doors. Between 2005 and 2008, retailers lost an average of 10,000 jobs in Virginia. Without help from budget conferees, like yourself, our retail members face dire consequences including further massive job loss and closed brick-and-mortar stores.

Our most pressing issues are:

Accelerated Sales Tax – we adamantly **oppose** restoration of this tax at any level. It is an accounting gimmick which forces retailers to pay taxes they have not collected. We worked hard with the General Assembly to eliminate this unfair tax several years ago. There is no need to artificially boost state coffers on the backs of businesses that are fighting to stay open and avoid any further debt or employee lay-offs.

"Amazon" Sales Tax Loophole – we strongly **support** the Senate budget amendment which forces internet retailers with affiliate operations in Virginia to comply with the code and collect the sales and use tax. It is time to end the state's support of a giant corporate underground economy which is bent on evading tax collection. The Department of Taxation's original fiscal impact statement estimated a desperately needed \$17 million in new revenues to the state if the required collection is enforced. What's more, our neighboring state North Carolina implemented this collection January 1, 2010, and expects to report new revenues after the first quarter of this year.

No jobs will be lost if the General Assembly levels the playing field for internet and brick-and-mortar retailers. In other states that collect the tax, affiliate marketers have simply replaced internet sites, like Amazon, with internet retailers that do collect the tax. Internet affiliate businesses will still enjoy certain competitive advantages such as low overhead and convenience, but will become compliant with the law.

Dealer Discount - we **support** full retention of the Dealer Discount for those independent, Virginia-based retailers who are paying out-of-pocket to collect and remit the sales and use tax. Most of our members do not have the technology which simplifies the operational process. They need financial support for the sales and use tax collection the state requires them to perform.

Weights and Measures Fees – we **support** the Senate proposal that appropriates one-tenth of one cent on each gallon of fuel, collected at the rack, to be used for inspections of petroleum devices. We applaud our friends with the Virginia Petroleum Convenience and Grocery Association (VPCGA) who stepped up to the plate and offered an extra fee on the fuel industry in order to supplement the Weights and Measures inspection fund.

Triple Court Fees – we **oppose** the Senate initiative to triple court fees, especially in General District Courts. In this down economy, many retailers are forced to turn to garnishments and judgments in order to collect debts rightfully owed for consumer purchases. As an example of the horrendous burden this would place on businesses, one furniture store member in Hampton Roads reports that the \$770,000 it paid in court filing fees last year would escalate to \$2.3 million. For hard-hit furniture, automobile and jewelry retailers, this astronomical fee hike is unacceptable.

The Virginia Retail Federation is the legislative arm of two associations dedicated to serving Virginia-based retailers throughout the Commonwealth. We listen to our grassroots and report their issues directly to you. We appreciate your past support and **urge** you to consider the dreadful consequences that will result if retailers' concerns with the budget are not addressed.

Please contact us if you have questions or need further information.

Sincerely,



George C. Peyton, Jr.
5101 Monument Avenue
Richmond, VA 23230
gpeyton@retailmerchants.com
804-662-5505

Margaret F. Ballard
500 East Plume Street
Norfolk, VA 23510
mballard@retail-alliance.com
757-406-9431