



March 11, 2014

Dear Members of Congress:

As current and former chief executives of some of America's most successful businesses and members of the Job Creators Network, we share the goal of helping the public and policymakers understand how to create jobs and make markets work well. All of us have seen up close the harmful effects that outdated, shortsighted or meddlesome laws can have on businesses. Consequently, we believe free markets, not government, should determine winners and losers in the marketplace. That is why we join together today to urge Congress to reform outdated policies that distort competition among retailers and impede potential job growth.

Preferential tax treatment given online-only retailers has put brick and mortar retailers of all sizes at a tremendous competitive disadvantage. By prohibiting states from requiring online-only retailers to comply with the same sales tax collection rules as those on Main Street, government is, in effect, subsidizing online retail.

Consumers already legally owe sales tax in both settings, but a loophole allowing online-retailers to evade collecting the tax at the point of purchase giving them a perceived price advantage of up to 10 percent. You don't need to work in retail or have a PhD in economics to know that this sort of baked-in advantage is killing brick and mortar retailers and tilting the playing field in favor of online-only sellers.

This sort of government policy is simply wrong and it is past time for Congress to fix it.

In a recent Wall Street Journal op-ed, former Reagan economist Dr. Art Laffer argued that a level playing field provided states the opportunity to lower job-killing taxes such as personal income taxes. According to Dr. Laffer,

*"...as with any pro-growth tax reform—the sales tax base in the states should be broadened by treating Internet retailers similarly to in-state retailers, and the marginal income-tax rate should be reduced such that the total static revenue collected by the state government is held constant."*

(Arthur B. Laffer, "Tax Internet Sales, Stimulate Growth," The Wall Street Journal, April 17, 2013)

March 11, 2014  
JCN to Members of Congress  
Page 2

Dr. Laffer's approach has already been put to work in Wisconsin and Ohio where Governors Scott Walker and John Kasich have signed into law income tax reductions that take effect once Congress acts to close the online sales tax loophole. Many other governors and legislative leaders have signaled eagerness to do the same. According to Dr. Laffer, this approach would create an estimated 23,701 jobs in Wisconsin, 46,660 in Ohio, and - if enacted in all 50 states - more than 1.5 million jobs over the next 10 years.

Restoring basic free market principles by taking government's thumb off the competitive scale has merit in its own right. But doing so and giving states the tools to broaden their tax base while lowering rates has the potential to ignite real economic growth across the country - something badly needed.

While our business experiences are diverse, our view on this issue is the same: businesses should compete on equal footing and markets, not government, should determine winners and losers.

We urge Congress to act quickly to resolve the current inequity in the marketplace by passing legislation that restores basic free market competition. The sooner Congress acts, the faster savvy governors and state legislators across America can get to work reducing taxes and



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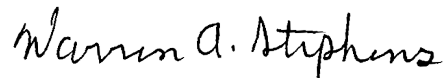
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