The Marketplace Fairness Act would allow state and local governments to enforce existing state and local sales and use tax laws on remote retailers so long as they simplify tax administration by adopting the Streamlined Sales and Use Tax Agreement.

The report provides estimates of the sales tax revenue losses for E-commerce in 2011, 2012, and 2013 across select US cities and counties in the absence of the Act. The report’s estimates do not cover non-E-commerce remote sales from such sources as catalogues, etc.

Over $225 billion in E-commerce transactions were recorded in the US in 2011. Collectively, state and local governments experienced a direct loss of revenues due to uncollected taxes on E-commerce of nearly $12 billion in 2011, rising to almost $14 billion by 2013.

The counties and cities tabulated in this report suffered a loss of nearly $1.3 billion in 2011, $1.5 billion in 2012, and a projected $1.7 billion in 2013. The three year total of losses for these counties and cities is estimated at $4.5 billion.

Among cities, New York City experienced the greatest loss in 2012 of over $205 million. Phoenix and Chicago followed with losses of $18 million and $17 million respectively. These are forecast to rise to $235 million for New York, over $20 million for Phoenix, and over $19 million for Chicago in 2013.

Eleven cities are projected to lose over $10 million each in 2013. (see Chart, p. 3).

Over the three year period, these eleven cities will lose a cumulative total of $974 million.

Among counties, Los Angeles, and Cook County experienced the greatest losses at over $70 million and $42 million in 2011 respectively. King County, WA, followed with a loss of $30 million; Westchester County, NY, lost nearly $26 million.

In 2013 Los Angeles County is forecast to lose over $95 million; Cook County, over $55 million; King County, over $41 million; and Westchester County, over $35 million. Collectively, these four counties alone are projected to lose over $227 million in 2013.

In ten counties, the cumulative three year (2011-13) revenue loss is $881 million (see p.4).

The report concludes that the very rapid growth of online, Internet sales has resulted in enforcement challenges, and has contributed to an erosion of the sales tax base across cities and counties.