



California State Treasurer Fiona Ma, CPA

News Release

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Amazon and Other Online Retailers Can No Longer Shirk Tax Law

California Treasurer Fiona Ma led effort to require the collection of all due state and local taxes

Sacramento, CA – Today, Governor Gavin Newsom signed legislation requiring out-of-state and online retailers like eBay, Etsy, or Amazon to collect sales taxes like local brick and mortar California businesses, eliminating the out-of-state and online unfair advantage.

“This is a long time coming,” said California Treasurer Fiona Ma. “I have been working on comprehensive sales tax reform since 2007 with the National Conference of State Legislatures. I am glad we now have clarity and uniformity regarding online sellers through the Wayfair case. This new law will close this major loophole by mandating that all online retailers collect and remit all the state AND local sales taxes due and level the playing field between our brick and mortar businesses in our state.”

Treasurer Ma partnered with Senator Mike McGuire, Chair of the Senate Committee on Governance and Finance, and Assemblywoman Autumn Burke, Chair of the Assembly Committee on Revenue and Taxation on AB 147, which implements the United States Supreme Court decision in *South Dakota v. Wayfair, Inc.* This decision authorizes states to begin collecting sales and use tax from online and out-of-state retailers without a physical presence in California.

AB 147 allows California to correct the competitive advantage out-of-state businesses, who did not collect tax, had over California retailers, who did. This inequity can give a big edge to online retailers over small businesses – in many cases the competitive advantage is between 7 and 10 percent.

“The enactment of AB 147 will bring in significant revenues from out-of-state retailers to fund essential state and local services. This represents a major step forward for both California and its tax system. AB 147 will level the playing field between California retailers and their out-of-state competitors. It also reduces administrative burdens for small online retailers, so they can spend time and resources to focus on their business and not tax compliance,” said Assemblywoman Autumn R. Burke (D-Inglewood).

“This critical legislation removes the competitive advantage online and out-of-state businesses, who did not collect sales tax, had over brick and mortar California retailers, who have always collected taxes,” Senator Mike McGuire said. “Local mom and pop businesses across California have been clamoring for relief for years and this legislation levels the playing field and not only implements Wayfair effectively, but also fairly. We are grateful for Governor Newsom’s support and our partnership with Chairwoman Burke and Treasurer Ma on this important legislation.”

The Wayfair decision made by the US Supreme Court on June 21, 2018, allows California and all other states to require out-of-state retailers to collect and remit taxes when selling property to this state’s residents. Thirty three states have already implemented the Wayfair decision, with every other state with a sales tax expected to follow.

AB 147 will take effect immediately. The requirement for online marketplaces to collect taxes on all of their sales in California will commence October 1.

Fiona Ma is California’s 34th State Treasurer. She was elected on November 6, 2018 with more votes (7,825,587) than any other candidate for treasurer in the state’s history. She is the first woman of color and the first woman Certified Public Accountant (CPA) elected to the position. The State Treasurer’s Office was created in the California Constitution in 1849. It provides financing for schools, roads, housing, recycling and waste management, hospitals, public facilities, and other crucial infrastructure projects that better the lives of residents. California is the world’s fifth-largest economy and Treasurer Ma is the state’s primary banker. Her office processes more than \$2 trillion in payments within a typical year. She provides transparency and oversight for the government’s investment portfolio and accounts, as well as for the state’s surplus funds. Treasurer Ma oversees an investment portfolio of more than \$100 billion, approximately \$20 billion of which are local government funds. She is responsible for \$82 billion in outstanding general obligation and lease revenue bonds of the state.

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