

July 24, 2017

Re: Unions Oppose “No Regulation Without Representation Act” (H.R. 2887)

Dear Representative,

Our 12 undersigned labor unions strongly oppose the “No Regulation Without Representation Act” (H.R. 2887) because it would preempt existing state and local taxing authority, and thereby significantly reduce state and local government tax revenues, which are needed to invest in public education, health care, creating new jobs, infrastructure, and other vital public services. Our unions are very concerned H.R. 2887 could also eliminate state regulatory consumer, health, and safety protections and the state’s related underlying authority over some out-of-state businesses and their production, manufacture, or post-sale disposal of their products. For these substantive and additional procedural reasons, our unions strongly oppose H.R. 2887.

We oppose H.R. 2887 because it would preempt existing state and local taxing authority and narrow the current definition of physical presence in a state (“nexus”). If enacted, H.R. 2887 would hinder state and local governments from collecting sales tax on remote sales and prohibit some currently occurring tax collections. Furthermore, H.R. 2887 would in effect, enact the troubling “Business Activity Tax Simplification Act” (BATSA), which preempts business activity taxes. In 2015, the Congressional Budget Office (CBO) estimated BATSA would reduce state and local government tax revenues more than \$2 billion in the first full year after enactment and in subsequent years at least that amount. This is a significant revenue loss. CBO also reinforces our view that enacting BATSA provisions would increase future revenue losses because it would create multiple new opportunities for tax shelters through subdividing businesses into subsidiaries with and without nexus and then internally shifting income from the former to the latter. The potential for state and local governments to suffer significantly increased revenues losses could lead to cuts in vital public services and harm families struggling to make ends meet.

On process, we must note that currently there is strong bipartisan bicameral support for enacting the “Marketplace Fairness Act” (MFA) and the “Remote Transactions Parity Act” (RTPA - H.R. 2193). Despite ongoing bipartisan House support for RTPA and 2013’s bipartisan Senate floor vote approving MFA, the House Judiciary Committee has not held a mark-up of this type bill for the last 4 years. Given bipartisan support for bills that strengthen the authority of state and local governments to collect sales and other taxes on businesses that are not fully in-state, we are disappointed the House Judiciary Committee leadership is pushing ahead with its July 25th hearing on H.R. 2887, which promotes policies in the opposite direction.

On behalf of our unions’ working families and retirees, we urge you to oppose the “No Regulation Without Representation Act” (H.R. 2887).

Sincerely,

- American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
- American Federation of State, County and Municipal Employees (AFSCME)
- American Federation of Government Employees (AFGE)
- American Federation of Teachers (AFT)
- Amalgamated Transit Union (ATU)
- Communications Workers of America (CWA)
- International Association of Firefighters (IAFF)
- International Federation of Professional and Technical Engineers (IFPTE)
- International Association of Machinists & Aerospace Workers (IAM)
- National Education Association (NEA)
- Service Employees International Union (SEIU)
- United Steelworkers (USW)

For more info, contact AFSCME’s Marc Granowitter (202-429-1157 or mgranowitter@afscme.org) or any union above.