



REPUBLICANS JOIN DEMOCRATS SUPPORTING COLOSSAL TAX INCREASE

"Invention is continually exercised, to furnish new pretenses for revenues and taxation. It watches prosperity as its prey and permits none to escape without tribute."

--Thomas Paine (Rights of Man, 1791)

Under cover of the Republican Presidential Primary debates about how to defeat Barack Hussein Obama's [socialist agenda](#) and his plan to fund the final chapter of that agenda with enormous tax increases, Sen. Lamar Alexander (R-TN, no relation!) and Sen. Dick Durbin (D-IL) have teamed up to promote one of the largest tax increases in U.S. history - a heavy levy on all Internet sales.



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"Fairness"?

The so-called "Marketplace Fairness Act" [S. 1832](#) was first proposed in November 2011 by Sen. Michael Enzi (R-WY), and now awaits action in the Committee on Finance. (And you thought all that "fairness" rhetoric was limited to [leftists](#) promoting [Democratic Socialism](#).)

Some otherwise erudite conservative senators, such as my friend Bob Corker, have joined Alexander in this errant folly. They are backing the Republican version

of the legislation because it is allegedly better than the Democrat version. For the record, I do not consider that to be a legitimate selling point.

Before explaining this enormous tax increase, allow me to provide some insights demonstrating how detached Lamar is from marketplace reality and how he became so disoriented.

I once admired Lamar, an affable and intelligent fellow whose successful 1979 gubernatorial campaign trademark was his folksy grassroots plaid shirt. After a couple of terms as governor, he accepted an appointment as Secretary of Education from George H.W. Bush in 1991. In that role, he unfortunately supervised the expansion of that department rather than its contraction as proposed by Bush's former boss, [Ronald Reagan](#).

Predictably, after Lamar's move to Washington, he progressively lost touch with his grassroots base and began a slide into the mediocrity of Republican moderation -- which often renders its adherents ideologically indistinguishable from their Democrat opponents. I diagnose this condition as Chronic Potomac Fever, which infects too many well-meaning Republicans after they take up residence inside the Washington Beltway.

[Post Your Opinion: What is the best way to eradicate the epidemic of Potomac Fever?](#)

By 2002, Lamar had become a card carrying "establishment Republican." After his well-funded but narrow primary defeat of a strong conservative, Rep. Ed Bryant, Lamar went on to win the Senate seat vacated by Fred Thompson. To the detriment of conservatives and our Constitution, Lamar was elevated to Conference Chairman of the Republican Party from 2007 until 2012. However, given the influx

of conservatives into the House and Senate ranks in 2010, Lamar announced his resignation, noting he was "stepping down from leadership to regain my independence."

The day after Lamar announced his support for the Internet tax, he sent me this explanation -- which aptly demonstrates just how disconnected he has become.

"This bill is about states' rights; closing tax loopholes that basically subsidize out-of-state businesses at the expense of Tennessee businesses... Today, if you buy boots from a store in Nashville, by law the store collects the sales tax you owe and sends it to the state to pay for our roads, schools and other services we ask the state to provide. But if you buy the same boots online from a company outside Tennessee, that company doesn't collect the sales tax you owe the state. ... That's not right. If businesses are going to fail or succeed, it should be based on the services they provide and the price of their products -- not on whether a company can successfully avoid collecting sales taxes that their Tennessee competitors can't get around collecting."



Memo to Lamar, et al.

I replied to his contorted and disconnected marketplace reasoning with a reality check, noting first that under our present Constitution, if I purchase a product from another state, it is NOT subject to state taxes in my state of residence unless that vendor has a retail presence in my state. That has been the standard for interstate commerce for generations, whether placing orders by mail, by phone or by Internet (Quill v. North Dakota regarding the latter).

Thus, suggesting that I "owe the state" sales tax when I purchase a product from another state is patently false. (Of course, some states endeavor to circumvent the sales tax exclusion by implementing "use taxes" --

without much success due to the ludicrous complexity requiring that citizens track and report every purchase when filing state tax returns.)

Further, it is absurd to suggest that the "boot purchase" example -- avoiding sales tax -- is the force that drives online sales. The *vast majority* of Internet sales are driven by product selection, price comparison and convenience -- old-fashioned free enterprise competition -- not by short-circuiting a local vendor sale to avoid sales tax. Additionally, many items purchased on the Internet may not be available in a local market, and, much to the shock of some Beltway dwellers, not everyone in American lives next to a mall.

In some cases people do go into a retail outlet to evaluate a product, and then search online for a better price. However, I believe that *is* morally wrong. Going into a retail location, having an employee of a retailer help you evaluate a product in three dimensions, and then leaving the store and purchasing that product online for a better price -- in part because the online seller has much lower overhead than a retail operation -- is tantamount to theft. In other words, Best Buy should not be the showroom for Amazon. This practice may not be legally wrong, but I do believe this is morally wrong, and personally, I make every effort to place moral integrity above what is legally required.

In regard to Sen. Alexander's laudable argument that we should support local businesses, the boots in his scenario were probably made in China or India.

As for his assertion, "If businesses are going to fail or succeed, it should ... not be on whether a company can successfully avoid collecting sales taxes that their Tennessee competitors can't get around collecting," again, this is a false premise. The shipping cost on a pair of boots purchased on the Internet is likely to be as much or more than the sales tax on the same pair of boots, if purchased locally.

Moreover, given the high price of fuel and the fact that a critical percentage of the fuel we use is

imported from the Middle East, not only do Internet orders conserve fuel and preserve our environment, they promote national security.

For example, if 1,000 people in a single ZIP code place 1,000 Internet orders, the majority of those orders will be delivered by a common carrier in that ZIP code. In other words, a couple of FedEx or UPS trucks making multiple deliveries in one ZIP code is *far* more energy efficient than 1,000 consumers driving to multiple locations endeavoring to make those purchases.

The fact is, the Marketplace Fairness Act is really about generating billions of dollars in windfall taxes for state governments, many of which are as bloated and inefficient as the federal government and therefore just as bankrupt. If Lamar wants to implement an enormous tax increase and stifle free enterprise, then he should call it what it is, rather than obfuscate his motivation by claiming lofty rationales such as "states' rights."

[Post Your Opinion: What is the real motivation behind the so-called "Marketplace Fairness Act"?](#)

The bottom line is, conservatives should opposed *any* tax increase, opting instead to cut federal and state government spending, most of which is not supported by the constitutions of either. Moreover, any tax increase that is not revenue neutral should be flatly rejected by even the most dullard of establishment Republicans.

In other words, if Sen. Alexander is going to support an Internet sales tax on Tennesseans in order to "level the playing field," he should also support an equal reduction in the overall rate of sales taxation to offset his tax increase.

Our great nation has retreated a long way from the American Revolution, rooted in a [three-pence tax](#) on a pound of tea, to the populist [Sixteenth Amendment](#) and its 1913 provision "to lay and collect taxes on incomes, from whatever source derived," to the current debt crisis. The consequence of unmitigated taxing and spending is the rise of the [Socialist Democratic Party](#) fueled by the redistribution of wealth, and the current [NeoCom regime](#), which poses the greatest threat to Liberty since our Founding.

A Balanced Budget Amendment, first advocated by [President Ronald Reagan](#) in the 1980s and later passed by the House as part of the Republican Contract with America in 1995 (by 300 votes, including 72 Democrats), is the only hope of restoring any fiscal restraint on the federal government. Of course, [Leftist Democrats](#) pose a formidable gauntlet to a BBA because it would severely undermine their power to redistribute wealth, power that is the only assurance of their [perpetual re-election](#). A BBA would sunset their dynasty.

PS: If you are curious as to why online behemoth Amazon.com supports the Internet sales tax measure, it is because Amazon already has locations in many states, meaning Amazon sales in those states are already subject to sales tax. But Amazon's support is more sinister. Determining, collecting and delivering state and local sales taxes on every purchase massively increases transactional overhead for small businesses that compete with Amazon. But Amazon is positioning itself to "rescue" those poor little businesses by processing all their transactions -- in return for substantial surcharges on the taxes collected, of course. Caveat emptor!