

Save Online Sales Coalition

December 1

2011

This document provides a strategic plan for the Save Online Sales (SOS) Coalition. SOS has rallied to ensure that Congressional legislation does not harm the small business and online sales community from growing America and reviving the floundering economy.

Lobbying Plan

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Introduction

Matousek & Spanjich, LLC

Spanjich & Matousek, LLC combines the expertise of heavy hitters from the private and public sector to create one of the most respected and successful government relations consulting firms in Washington, DC. M&S, LLC services clients concerned with federal and state legislative affairs in a number of diverse industries. The firm was founded by Georgette Spanjich following her long career at ML Strategies and time as Chief of Staff to President Hillary Clinton and Abby Matousek, also of ML Strategies and former Chief of Staff to several senior Congressional leaders. The firm is most widely known for its work in the international defense and telecommunications and technology sectors. Notably, the firm's Telecommunications practice has been sought out by industry leaders to a number of issues. The firm is also famous for its coalition building efforts, having previously involved themselves in coalitions to advance long-term care, the Law of the Seas Treaty and small business innovation grants.

Mission Statement

M&S, LLC strives to serve the progressive political community in Washington, DC and across the country by managing complex political issues and government relations strategy to develop and implement plans which ensure the client's long-term business success and effect positive legislative change.

Ethics Statement

M&S, LLC is LLC committed to upholding the Code of Ethics as prescribed by the American League of Lobbyists. We adhere to stringent ethical standards and codes of conduct. We seek to deliver results with honesty and integrity and truthfully communicate with public officials and with our clients. We uphold all applicable laws, rules and regulations and promote strict professionalism at all levels of our firm.

Issue Background: Online Sales Tax

The Streamlined Sales Tax Project (SSTP) grew out of the 1992 Supreme Court decision *Quill Corp. v. North Dakota* which found that states may only impose a sales tax on a business if that business has a physical presence in that state.¹ The decision left an opening for those state tax commissioners and those who would later found the SSTP by including in its decision that Congress could overrule the finding through legislation to allow the collection of sales taxes on remote vendors. Thus far, Congress has not acted to raise the ban on remote sales taxes; however, the movement is growing and legislation has been introduced in the 112th Congress.

In 1998, Congress passed the Internet Tax Freedom (ITFA) Act which placed a three-year moratorium on new taxes on internet services and multiple or discriminatory taxes on internet commerce. This moratorium made it impossible for states to impose taxes on e-commerce providers at a different sales tax rate from traditional stores, known as “brick and mortar” stores. The moratorium was set to sunset in 2001; it has been extended twice, with the Internet Tax Nondiscrimination Act of 2001 and the Internet Tax Nondiscrimination Act of 2004. In October of 2007, the internet tax moratorium was extended through November 1, 2014.²

However, despite the moratorium on new internet based taxes, there are other ways in which states are seeking to raise taxes on e-commerce such as streamlining state sales taxes to gain “remote tax collection authority” over online vendors. The 110th Congress passed the Sales Tax Fairness and Simplification Act (S. 34; H.R. 3396) which would “grant states that comply with the Streamlined Sales and Use Tax Agreement (SSUTA) the authority to require remote sellers to collect state and

¹ "Quill Corp v. North Dakota." *Find Law*. West Law. Web. <<http://laws.findlaw.com/us/504/298.html>>.

² Maguire, Steven, and Nonna A. Noto. "Internet Taxation: Issues and Legislation." *Open CRS*. Congressional Research Service, 7 July 2008. <http://assets.opencrs.com/rpts/RL33261_20080707.pdf>.

local taxes on interstate sales.”³ SSUTA was drafted by the SSTP which was created in 2000 by 43 states and the District of Colombia to “to simplify and modernize sales and use tax administration in order to substantially reduce the burden of tax compliance.”⁴ The founders of SSTP were working under the assumption that a simplified code could help vendors more easily collect and remit sales taxes.

SSUTA would require all participating states encourage that “remote sellers voluntarily collect sales taxes on items purchased by customers outside their home state.”⁵ Those vendors that choose to participate would be given relief from paying previously uncollected taxes. The Agreement also calls for states to: 1) use standard definitions for all goods; 2) utilize only one state tax rate with the option to add local jurisdiction rates based on ZIP code; and 3) remit all collected sales taxes to a single state agency rather than relying on a variety of state and local governments.⁶

From the offset, SSTP had supporters within the state and local governance communities for its potential to bring in additional state revenues such as the National Governors Association (NGA), the National Conference of State Legislatures (NCSL), the Federation of Tax Administrators and the Multistate Tax Commission (MTC). The issue also has the support of a number of large chain retailers who must collect sales taxes and fault Internet vendors who are not required to collect sales taxes.

³ Ibid.

⁴ Peterson, Scott. "About Us." The Streamlined Sales Tax Governing Board. <<http://www.streamlinedsalestax.org/index.php?page=About-Us>>.

⁵ Maguire, Steven, and Nonna A. Noto. "Internet Taxation: Issues and Legislation." *Open CRS*. Congressional Research Service, 7 July 2008. <http://assets.opencrs.com/rpts/RL33261_20080707.pdf>.

⁶ "Streamlined Sales and Use Tax Agreement." *The Streamlined Sales Tax Governing Board*. 19 May 2011. Web. <<http://www.streamlinedsalestax.org/uploads/downloads/Archive/SSUTA/SSUTA%20As%20Amended%2005-19-11.pdf>>.

In addition to the numerous anti-tax groups which oppose SSTP remote sales tax legislation, many retailers who also have strong online sales are in opposition to the proposal. While traditional retailers would benefit from efforts to tax their online competitors, online vendors would be faced with a new hurdle in their efforts to transform the US economic situation and global competitiveness.

Political Environment

While the SSTP issue has been cogent for some time, the issue has recently begun to gain attention and traction in Congress with several bills introduced in the last two Congresses. However, the debate of any new piece of legislation in Congress has largely been centered on deficit reduction and job creation this year. With the intense focus on the Super Committee debacle in recent months, it is likely that the debate will be framed in terms of deficit reduction and job creation.

Currently, there are several pieces of legislation which seek to codify SSTP agreements into law. In the 111th Congress, Representative Delahunt (D-MA) introduced the Main Street Fairness Act (H.R. 5660) which was the first piece of legislation seeking to advance the SSTP agreement.⁷

In the 112th Congress, there exist three pieces of legislation which would implement parts or all of SSTP. In the summer of 2011, the SSTP issue came to a head with the introduction of the Main Street Fairness Act bills by Senator Richard Durbin (D-IL) (S. 1452) and Representative John Conyers (D-MI) (H.R. 2701). The bills, which are identical and are based on the Delahunt bill from the 111th Congress, purport to create more revenue for states by “streamlining” the collection of

⁷ Henchman, By Joseph. "Sales Tax Bill Introduced in Congress." The Tax Foundation. <<http://www.taxfoundation.org/blog/show/26551.html>>.

sales taxes by online businesses across state lines. Neither of these bills moved out of Committee; however, they did represent a crucial first step for supporters of SSTP.⁸

In early November 2011 Senators Mike Enzi (R-WY), Lamar Alexander (R-TN) and Richard Durbin (D-IL) introduced the Marketplace Fairness Act (S. 1832) which builds on the Main Street Fairness Act and which would “restore States' sovereign rights to enforce State and local sales and use tax laws” and implement SSUTA.⁹ This legislation is already opposed by a number of online retailers—eBay has been particularly active in opposition to the legislation.

Key Supporters and Opponents

House Opponents

An analysis of the 112th Congress' the Sales Marketplace Equity Act (H.R. 3179) can provide a good overview of who will oppose the SOS Coalition in the House. The legislation was introduced by Representative Jackie Speier and Steve Womack

Cosponsors of H.R. 3179 ¹⁰	
Michael Capuano (R-MA)	Betty McCollum (D-MN)
Judy Chu (D-CA)	Brad Miller (D-NC)
Rick Crawford (R-AR)	Kristi Noem (R-SD)
Theodore Deutch (R-FL)	Ted Poe (R-TX)
Mario Diaz-Balart (R-FL)	Dennis Ross (R-FL)
John Duncan (RTN)	Heath Shuler (D-NC)
Renee Elmers (R-NC)	Jackie Speier (D-CA)

⁸ Maguire, Steven, and Nonna A. Noto. "Internet Taxation: Issues and Legislation." *Open CRS*. Congressional Research Service, 7 July 2008. <http://assets.opencrs.com/rpts/RL33261_20080707.pdf>.

⁹ The Marketplace Fairness Act, S. 1832, 112th Cong.

¹⁰ "Bill Summary & Status: H.R.3179 - Cosponsors." *THOMAS (Library of Congress)*. Web. <<http://thomas.loc.gov/cgi-bin/bdquery/z?d112:HR03179:@@P>>.

Gene Green (D-TX)	Peter Welch (D-VT)
Carolyn Maloney (D-NY)	Steve Womack (R-AR)

House Supporters

Those Congressman who sponsored internet tax moratorium bills can also be considered supporters of the SOS coalition. As they have opposed new taxes on the internet in the past and have gone as far as to introduce and pass legislation banning new taxes, it is almost assured they will be strong supporters of the SOS Coalition

Sponsors of Internet Nondiscrimination Act of 2004, H.R. 49 (still serving) ¹¹	
Roscoe Bartlett (R-SC)	Tim Johnson (R-IL)
Joe Barton (R-TX)	Dale Kildee (D- MI)
Sanford Bishop (D-GA)	Steve King (R-IA)
Marsha Blackburn (R-TN)	John Kline (R-MN)
Earl Blumenauer (D-OR)	Jerry Lewis (R-CA)
Roy Blunt (R-MO)	Zoe Lofgren (D-CA)
Madeline Bordallo (GU)	Thaddeus McCotter (R-MI)
Ginny Brown-Waite (R-FL)	Buck McKeon (R-CA)
Dan Burton (R-IN)	Michael Michaud (D-ME)
Ken Calvert (R-CA)	Candice Miller (R-MI)
Shelley Moore Capito (R-WV)	Gary Miller (R-CA)
John Carter (R-TX)	Jeff Miller (R-FL)
Steve Chabot (R-OH)	Devin Nunes (R-CA)

¹¹ "Bill Summary & Status: H.R.49 - Cosponsors." *THOMAS (Library of Congress)*. Web. <<http://thomas.loc.gov/cgi-bin/bdquery/z?d108:HR00049:@@P>>.

Howard Coble (R-NC)	Ron Paul (R-TX)
Tom Cole (R-OK)	Joseph Pitts (R-PA)
Ander Crenshaw (R-FL)	Todd Russell Platts (R-PA)
Jim DeMint (R-SC)	Dennis Rehberg (R-MT)
Norman Dicks (D-WA)	Mike Rogers (R-MI)
David Dreier (R-CA)	Dana Rohrabacher (R-CA)
Jeff Flake (R-AZ)	Ileana Ros-Lehtinen (R-FL)
Randy Forbes (R-VA)	Edward Royce (R-CA)
Trent Franks (R-AZ)	Loretta Sanchez (D-CA)
Elton Gallegly (R-CA)	Pete Sessions (R-TX)
Scott Garrett (R-NJ)	John Shimkus (R-IL)
Bob Goodlatte (R-VA)	Adam Smith (D-WA)
Sam Graves (R-MO)	Lamar Smith (R-TX)
Ralph Hall (R-TX)	Lee Terry (R-NE)
Doc Hastings (R-WA)	Patrick Toomey (R-PA)
Wally Herger (R-CA)	Fred Upton (R-MI)
Johnny Isakson (R-GA)	Greg Walden (R-OR)
Darrell Issa (R-CA)	Joe Wilson (R-SC)
Eddie Bernice Johnson (D-TX)	Frank Wolf (R-VA)

Those bolded above represent key supporters and/or key targets. Representative Sam Graves is the Chairman of the Small Business Committee. As part of the SOS Coalition's message centers around 'the little guy' being able to compete with large retailers with a physical presence, it is likely Representative Graves can be a key ally from the small business aspect of the campaign.

Representative Ralph Hall and Representative Eddie Bernice Johnson are chairman and ranking member (respectively) of the House Science, Space and Technology Committee. As any internet sales tax legislation will likely be referred to the technology committee, they will be crucial backstops against legislation in the House. Likewise, Representative Lamar Smith is Chair of the House Judiciary Committee which also has jurisdiction over the SSTP issue. House Energy and Commerce—with their broad applicability to many issues—will also likely be involved in SSTP legislation in the House. Chairman Fred Upton and Greg Walden, Chairman of the Communications and Technology Subcommittee, will likely be crucial supporters of the Coalition.

Additionally, Representative Zoe Lofgren, who has a position on the House Judiciary Committee, has long been opposed to new internet sales taxes. In February 2011, Lofgren and Representative Dan Lungren (R-CA) introduced a non-binding resolution opposing “any new burdensome or unfair tax collecting requirements on small online businesses and entrepreneurs, which would ultimately hurt the economy and consumers in the United States.”¹²

Senate Opponents

In the 112th Congress, there have been two SSTP bills introduced in the Senate: the Main Street Fairness Act (S. 1452) and the Marketplace Fairness Act (S. 1832).

Cosponsors of S. 1832¹³
Lamar Alexander (R-TN)
Roy Blunt (R-MO)
John Boozman (R-AK)
Bob Corker (R-TN)

¹² Gruenwald, Juliana. "Resolution Targets Online Sales Taxes - Tech Daily Dose." *Tech Daily Dose*. National Journal, 16 Feb. 2011. Web. <<http://techdailydose.nationaljournal.com/2011/02/resolution-targets-online-sale.php>>.

¹³ "Bill Summary & Status: S.1832 - Cosponsors." *THOMAS (Library of Congress)*. Web. <<http://thomas.loc.gov/cgi-bin/bdquery/z?d112:SN01832:@@P>>.

Richard Durbin (D-IL)
Michale Enzi (R-WY)
Tim Johnson (D-SD)
Mark Pryor (D-AR)
Jack Reed (D-RI)
Sheldon Whitehouse (D-RI)

Cosponsors of S. 1452¹⁴
Daniel Akaka (D-HI)
Daniel Inouye (D-HI)
Tim Johnson (D-SD)
John Reed (D-RI)
Sheldon Whitehouse (D-RI)

While these are not the only bills that have been introduced to instate remote sales tax collection over the years, they are recent and provide a good overview of the staunch opponents to the SOS Coalition's goals. Senators Enzi, Durbin and Alexander will be the biggest opponents of the SOS Coalition. These three Senators jointly introduced the Marketplace Fairness Act and are highly supportive of the SSTP initiative.

Senate Supporters

The SOS Coalition is extremely lucky to have Majority Leader Harry Reid against implementation of the SSTP. In the past, Reid has voted against SSTP legislation, and while he is not outspoken on the

¹⁴ "Bill Summary & Status: S.1452 - Cosponsors." *THOMAS (Library of Congress)*. Web. <<http://thomas.loc.gov/cgi-bin/bdquery/z?d112:SN01452:@@P>>.

issue, he has a long track record of supporting those who oppose SSTP and will be a valuable asset should legislation move out of Committee.

Like with the House, those Senators who have in the past signed onto the Internet Nondiscrimination Act in the past can be expected to support the SOS Coalition. While none of the Senators who sponsored the 2004 Internet Tax Moratorium are still serving, Senators Ron Wyden and Patrick Leahy both signed onto the legislation in 2001.

Interestingly, Leahy signed onto both Internet tax moratoriums in 2001 and 2004; however, also cosponsored legislation to implement the SSTP in the 110th Congress. Leahy is the Chairman of the Senate Judiciary Committee and is widely known for being ‘plugged into’ the technology world. As Leahy has yet to take a position in this Congress on SSTP he is a good target for the Coalition to meet with—especially given his Chairmanship of the Senate Judiciary Committee.

Senator Wyden will likely be a key supporter of the SOS Coalition. On November 2, 2011 Wyden and Senator Kelly Ayotte (R-NH) (also a crucial supporter) introduced a bipartisan resolution seeking to exempt small businesses from SSTP legislation. The resolution states: “It is the sense of the Senate that Congress should not enact any legislation that would grant state governments the authority to impose any new burdensome or unfair tax collecting requirements on small Internet businesses and entrepreneurs, which would ultimately hurt the economy of, and consumers in, the United States.”¹⁵

¹⁵ Gruenwald, Juliana. "Senators Seek To Shield Small Businesses From Online Sales Tax Bills." *Tech Daily Dose*. 2 Nov. 2011. Web. <<http://techdailydose.nationaljournal.com/taxes/>>.

Coalition Outline

The greatest chance for stakeholders to ensure that the SSTP agreement or a similar remote internet sales tax is not implemented is to continue to support the internet tax moratorium which has been law for a number of years, while pressuring and holding leaders accountable for SSTP legislation. This is the purpose of the Save Online Sales (SOS) Coalition proposed in this plan.

The SOS Coalition is:

- A diverse group of business, trade, and advocacy organizations and companies committed to the mission outlined below.
- Through regular meetings and conference calls, a network for information-sharing, advocacy, outreach, and communications activities, both among its own members and with the broader community of policymakers and opinion leaders.
- A group that supports both sound internet sales tax protocol and small business job creation.

The mission of the SOS coalition is to ensure that SSTP legislation is not implemented by the Congress. First, the Coalition will work closely with Congressional leaders and the Administration to serve as the primary point-of-contact and data source for members and agency officials on remote internet sales tax issues. Second, as deemed necessary and appropriate, the SOS Coalition will engage in lobbying and advocacy in Congress to ensure that the Coalition's interests are represented in hearings and legislative discussion of the issue.

In order to accomplish these objectives and preserve the ability of innovative e-commerce groups to continue to grow the economy and aid in the recovery, the SOS Coalition will begin with a committed group of core members to support strategy, coordination and outreach efforts as well as

build momentum and expand to encompass other business and organizations. It is essential that this core group of members is established quickly as SSTP legislation has already begun to move through Congress.

The SOS Coalition will be supported by a two-tiered membership structure to promote streamlined communications and decision making. Members are asked to contribute at one of the two levels:

- **Steering Committee Membership.** The Steering Committee retains all of the responsibilities and benefits of membership in the SOS Coalition. This group is solely responsible for making core decisions regarding coalition strategy, including the legislative strategy and document creation. Only steering committee members attend regular strategy meetings and conference calls and have a vote on coalition business. These organizations will be named on all SOS Coalition materials, as appropriate, including the website, press releases, and letters to Congress. Steering Committee members will receive all coalition updates including the media clips. Steering Committee Membership will be limited to 10 members.
- **General Membership.** General Members have the opportunity to attend meetings and conference calls that discuss Coalition strategy. General members will not have a vote on coalition business, but they will have a voice in discussion through participation in strategy meetings and calls. General Member can also be listed as a member on the SOS Coalition's website and other public materials. General Members will be able to attend select Hill, Administration and agency meetings where they have a relationship with the member or office.
- In kind contributions to the coalition – such as advertising or event support – may qualify the organization or company for Executive Committee or general membership.

M&S Strategies imagines that a number of online retailers will have an interest in joining the SOS Coalition as there as yet does not exist an organization dedicated to confronting the remote sales tax issue. Ten possible Steering Committee members include: eBay, the Electronic Retailing Association, Expedia, Priceline, Facebook, CitySearch, Google, InterActiveCorp, Yahoo! and Overstock. This is

not to mention the host of small online retailers, who use aggregating sites such as eBay or Etsy to conduct business, sell their unique goods and create economic opportunity for themselves and their community.

Having experience organizing coalitions makes M&S Strategies an invaluable resource to new and developing coalitions. A coalition that is disjointed and cannot communicate will not succeed. Thus, after evaluating the needs and structure of the coalition members, M&S Strategies will develop an appropriate conference call and in person meeting schedule for Coalition members to stay up to date with strategy, share information and stay engaged in the conversation.

Coalition Strategy

Messaging

The Coalition will operate based on the broad message idea centering on economic recovery and job creation. This will leverage the current focus on economic growth and national anxiety over unemployment into a successful messaging strategy for Members of Congress and grassroots outreach. The goal of the messaging strategy is to update the current rhetoric on SSTP on Capitol Hill in addition to achieving positive legislative goals for the coalition.

Core Messages

Theme	Message
Jobs and the Economy	SSTP has the effect of a tax increase on consumers who use the internet, a dangerous idea at a time when consumers are strapped, the economy is slowing and small internet retailers are struggling to survive.
Competing with 'the little guy'	The SSTP is about mega retailers changing tax rules to add costs to their small online retail competitors.
Jobs and the Economy	If the question is on fairness (i.e. the Marketplace Fairness Act), the current system is working. A rapidly increasing share of internet retail includes sales tax because large brick and mortar stores are growing their online presence.
Competing with 'the little guy'	The world has changed in Internet retail in recent years to look eerily like Main Street Retail of a couple decades ago; meaning the biggest retailers are growing and squeezing out small mom & pop shops.

Jobs and the Economy	The internet, with the current tax regime, means that you can scale your business over the internet without needing the tax division of a global company. If you get rid of the nexus concept, the internet becomes less conducive to small and new business growing.
Global Competition	The SSTP can force small internet retailers in the US to collect and remit sales taxes. But the SSTP cannot require foreign small businesses to comply. Thus, the only small retailers that will maintain the current tax balance are foreign small businesses. This will harm US based small, online retailers.
Jobs and the Economy	Complying with the SSTP state and local sales tax regime will be too complicated and too expensive for small retailers to compete.
Jobs and the Economy/ Competing with 'the little guy'	SSTP is about mega retailers changing the laws and the business equation so that the small business model of their small competitors is less successful.

Hill Strategy

The SOS Coalition's lobbying strategy will be primarily focused on Congressional outreach, moving to Administration lobbying as necessary down the road.

The strength of the SOS Coalition's lobbying strategy lies within the House of Representatives. In the highly polarized 'chamber vs. chamber' political environment it is highly unlikely that the House will pass legislation that would raise taxes on small entities. This theory is underscored by the rhetoric in the recent Super Committee debate—where members of the Republican Party pursued a high stake opposition to any and all tax measures which would increase revenues. With this as a likely backstop, the lobbying strategy and funds will focus primarily in the Senate.

H.R. 3179, The Marketplace Equity Act of 2011 was referred to the House Judiciary Committee and the Subcommittee on Courts, Commercial and Administrative Law. This is a boon to those who oppose STTP legislation as the Chairman of the Full Committee, Representative Lamar Smith, has supported the new internet tax moratorium in the past and is on record in a hearing on the Internet

Tax Nondiscrimination Act as supporting the making “the current moratorium on Internet taxes permanent.”¹⁶ Moreover, the Chairman of the Subcommittee to which the legislation has been referred, Representative Coble, is also on record as opposing moving away from the moratorium and has said that he “support[s] the permanent ban on access, multiple and discriminatory taxes on the Internet.”¹⁷

With the support of the Chairmen of the relevant subcommittee and committee, and the proper Coalition contact and pressure on both, the Marketplace Equity Act of 2011 will likely not see the light of day in the 112th Congress. This will also be true of subsequent bills in future Congresses.

Thus, House strategy will primarily be maintenance of allies and support from key stakeholders in the House for operations within the Senate. The Marketplace Fairness Act has been introduced in the Senate and referred to the Committee on Finance—it has yet to receive a subcommittee referral. The fact that the bill has yet to be referred to a subcommittee means it is unlikely it will come up before the end of the year. Chairman of the Finance Committee, Max Baucus (D-MT) does not appear to have taken a position on SSTEP; however, Baucus, as a member of the failed Super Committee will likely be pursuing other priorities in 2012—such as corporate tax reform. Additionally, Senator Ron Wyden—identified above as a stakeholder for his CR opposing SSTEP legislation—sits on the Senate Finance Committee.

Thus, the goal is to keep the bill from leaving Committee. As we do not want to bring the issue to Chairman Baucus’ attention until it becomes salient within the Committee, this strategy will involve

¹⁶ Representative Smith (TX). “Internet Tax Nondiscrimination Act.” House Report 108-234. 108th Congress (2003-2004).

¹⁷ Representative Coble (NC). “Internet Tax Nondiscrimination Act.” House Report 108-234. 108th Congress (2003-2004).

developing relationships with Committee Staff, shoring up support with Senator Wyden and identifying other supporters on the Committee. If it becomes appropriate, this will also include direct lobbying to Chairman Baucus encouraging him to bury the measure under other priorities.

If the Marketplace Fairness Act does become a part of the Committee's 2012 legislative schedule, and the measure is reported, we can likely count on Senator Wyden to not only oppose the legislation but attach a revenue raiser amendment to kill conservative support on the Senate floor. We believe such a poison pill amendment would be successful as a rider to the bill because of Chairman Baucus' support for revenue raisers in the Super Committee making such an amendment a candidate to get rolled into a larger manager's amendment to the bill. If the Marketplace Fairness Act came to the floor with any large revenue raisers, it would instantly fail given conservative opposition.

However, the Coalition's lobbying plan is also prepared if the bill does make it out of committee. The legislation can then be killed by preventing it from reaching floor consideration. At this point, Reid can be lobbied not to push the bill onto the floor. We feel that Reid will not be inclined to bring the legislation to the floor, given his tacit opposition to the measure. Direct lobbying to the Majority Leader's office on behalf of the Coalition will strengthen this theory. Even if Reid is compelled to bring the measure to the floor, we can directly lobby other Senators to object. If the leadership does not have a unanimous consent (UC) agreement for floor consideration, then they will need to obtain cloture (60 votes) to override the veto. Here we will have to directly lobby those Senators that we feel are on our side. If we can convince 41, the bill will die without floor consideration.

Even if the bill proceeds to floor consideration, we will have another opportunity to filibuster it to death. Again if 41 Senators agree, the bill's supporters will not obtain cloture to override the filibuster, also killing the bill. We are confident that Reid, supporters such as Wyden, key pressure from the Coalition and the filibusters will prevent the measure's passage.

Media Strategy

The strategy for paid media, based on our messaging outlined above and our direct lobbying strategies, is split between inside and outside the beltway. The aim of media outside the beltway is to shift public opinion and change public perception of the issue, and ultimately to put pressure on members of Congress. The point of media inside the beltway is to raise visibility of the SOS Coalition's side of the issue in the attempt to defeat SSTP legislation.

The media strategy will involve:

- **PR/Media Outreach:** An outside public relations firm will be hired to conduct inside and outside the beltway media strategy. We feel this will leverage media funding in the best way as experts will have a better idea of what news outlets and reporters to target in addition to having the capabilities to build media lists and distribution materials. The PR firm will be responsible for drafting and distributing Coalition press releases, drafting and planting Coalition op-eds and devising the materials for a media campaign inside the beltway. We expect the budgetary impact will be a monthly retainer of \$15,000 to \$30,000.
- **Paid Media and Internet Advertising:** paid media and advertising will be targeted primarily within Washington, DC. This will involve advertising within key metro stations (Union Station, Capital South) and ad buys in local news vendors such as Roll Call, the Hill and Politico. Internet advertising will also feature ads on major news outlets' websites and websites of Coalition members. One example of where we will place paid media advertising

is within the Daily PoliticoPro Morning and Afternoon Tech emails which are read by Congressional policymakers and private sector stakeholders.

- Other: Media events will be orchestrated throughout the campaign such as around Coalition fly-in and Hill events, the release of major academic studies, think tank events, grasstops outreach and grassroots outreach.
- Website and Online Presence: Depending on the PR firm which wins the request for proposal (RFP), they or another developer will create a website for the SOS Coalition. This will include informative studies, persuasive articles, interactive numbers and graphs, lobbying and outreach materials and even games. We expect the budgetary impact will be an additional \$25 to \$75 to build and maintain the website.

Timeline

Much of the timeline for this lobbying plan is dependent on supporters of SSTP legislation acting to bring these bills forward. Thus, our plan will be somewhat reactive with a focus on building the framework for a full out fight—when and if it comes.

Phase one of the timeline will begin immediately. Phase one involves implementing the Coalition plan and building the strategic framework of the Coalition. This will include: recruiting members, electing a governing board of coalition members, electing a chairman of the Coalition, institutionalizing the message and strategy and hiring a public relations firm and website developers. We expect that the Coalition framework—as we have a thorough outline prepared—can be finalized within a month of recruiting members. As the Coalition is finalized and a leadership structure is in place M&S Strategies will put out a request for proposal (RFP) for a PR firm and a website

developer. The Coalition will be provided with the top three contenders and be able to make a decision on who will be selected.

Phase Two of the timeline will involve media and press outreach and finalizing the Coalition's website. Press outreach will be primarily outside the beltway at this time, moving to inside the beltway and targeted press and media as needed. Phase Two will also include a preliminary fly-in of Coalition members to meet with key stakeholders such as Senators Ayotte, Baucus and Wyden and Representative Smith, Lofgren and Coble. Phase Two will also include key outreach to staff on behalf of M&S Strategies to identify key policy brokers and champions on the staff level.

Phase Three will commence when the issue comes to a head in the House or Senate. This would happen if 1) the legislation is marked up at the subcommittee or committee level 2) there is an informational hearing on the issue or 3) the legislation moves out of Committee. Phase three involves direct lobbying of champions and opponents, paid media, placement of earned media inside and outside the beltway. Phase three will continue until the issue goes away or the legislation is defeated.

Budget

The budget assumes the participation of ten companies at the steering committee level and 50 companies at the general membership level. This gives the SOS Coalition a budget of \$2,000,000.

Expense	Cost	Expense	Cost
M&S Strategies	\$360,000 (or 35K/month)	Beltway Print & Online	\$500,000
PR Retainer	\$240,000 (or \$20k/month)	Outside Beltway Media	\$200,000
Fly-ins:	\$100,000	Internet Ads	\$200,000
Emergency Fund:	\$300,000	Website	\$100,000
Total:	\$1,000,000	Total Media	\$1,000,000
		TOTAL COST	\$2,000,000

Sample One-Pager

Save Online Sales Coalition SOS!

Protecting America's Economic Competitiveness

The Save Online Sales Coalition represents a group of innovative companies and organizations who promote sensible policy that will allow American companies who operate online to continue to innovate and grow the US economy.

In the current economic and political climate it is imperative that we take a step back and look at our national priorities. The SOS Coalition is committed to ensuring that America can grow and prosper through tax policy that makes sense for everyone from the middle class family to state governments to small startup business to the federal government.

The Economy. Innovation. Jobs.

The future of the country is directly tied to the innovations which are occurring across the country, right now. New ways to promote American competitiveness and products are always emerging and we cannot harm growth by promoting bad tax policies.

- The cost of tax compliance for small retailers that use the internet to offer their products is far higher than for large “brick and click” vendors. SSTP proposals fall short of compensating small retailers for these new costs.
- Small retailers have already been pushed off Main Street by bog box stores. SSTP will kill the last place small vendors have to operate in.

If the Marketplace Fairness Act were actually designed to be fair, the current system is working. A rapidly increasing share of internet retail includes sales tax because large brick and mortar stores are growing their online presence.



**“CONGRESS SHOULD NOT
IMPOSE ONEROUS TAX
COLLECTION AND REMITTANCE
REQUIREMENTS ON SMALL
INTERNET VENDORS”**

--Senator Kelly Ayotte

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