

## **Testimony of Cori O'Steen**

Owner, Upak, Inc.

U.S. Senate Committee on Small Business and Entrepreneurship  
*"Targeted Tax Reform: Solutions to Relieve the Tax Compliance Burdens for  
America's Small Businesses"*

Chairman Vitter, Ranking Member Shaheen, and Members of the Committee –

Thank you for holding this important hearing and for inviting me here to participate. My name is Cori O'Steen, and I own and operate Upak Inc., an online company that sells shipping supplies and custom packaging. I stumbled upon eBay in 2003 while looking for discount brand name clothing for my children. I immediately started selling my children's outgrown clothing in an effort to make ends meet. I could not find the shipping supplies I needed then but my father was in the packaging business. I bought 2 cases of poly mailers, our now flagship product, and I planned to sell what I did not need. While I did not realize it at the time, our business was born.

Like most small businesses, my expectations in the early days were modest. But I am one of the fortunate small business success stories. What started as a single mother packing orders in her family room as a way to earn money while being at home with her kids has grown into a business which today employs fifteen people and has warehouses in California and South Carolina.

It's hard for me to believe, but my business is now twelve and a half years old. Its existence, at times, has been a turbulent one – we have lived through some economic highs and certainly some economic lows. But we have survived, and I attribute a lot of that to the relative ease with which I am able to reach new customers and new markets through the Internet. Today, I operate web stores on Amazon and eBay, and I have created my own website, [upaknship.com](http://upaknship.com).

I applaud the Committee for holding this hearing today. As a small business owner, tax compliance is certainly a major concern of mine, and I welcome the opportunity to discuss how we can relieve any unnecessary burdens.

If one purpose of this hearing is to identify policies that would create significant tax compliance burdens for small businesses, then I encourage you to look no

further than the Marketplace Fairness Act and its counterpart in the House, the Remote Transactions Parity Act. These proposals, written without apparent regard for small businesses that use the Internet, fundamentally fail to appreciate the incredible burden associated with complying with thousands of dynamic remote sales tax rates and rules across the country. These bills also expose businesses like mine to new audit and litigation liabilities. While I understand that states want to collect revenue, requiring businesses to do this work on their behalf is a bad solution for small businesses. This is especially true for small businesses that have chosen to reside in states like New Hampshire that have fewer regulatory burdens and do not require sales tax collection.

I do not believe that states should be able to export their laws to another jurisdiction. I believe the Constitutional nexus limitation exists for a very sound reason – simply, it protects my business from abusive cross border enforcement from remote jurisdictions. The Marketplace Fairness Act and the Remote Transactions Parity Act represent a complete departure from that principle. Instead, these bills would subject my business to the legislative, executive, and judicial whims of a remote taxing jurisdiction but foreclose my access to any public benefit or recourse at the ballot box.

Although I understand that this specific issue is not in your jurisdiction, as members of this committee you all have an important responsibility to protect small businesses. As you consider ways to improve tax compliance for small business, I urge you to be cautious of bills like these that would create new regulatory burdens for businesses like mine and others across the country.

Thank you again for allowing me to testify this morning. It's important that Congress hears the small online business voice in this discussion, and I look forward to answering your questions.