



August 26, 2019

Senator Shaheen, and other members of the Committee, thank you for inviting me to testify today. My name is Dwight Moore, and I am CEO and partner of a company named Tradeport USA, LLC. We recently relocated from Somersworth, NH to Dover, NH to meet the growing demand for our services. Tradeport is a small business that among other things, resells products that are returned by consumers. The majority of our sales are through online channels such as Amazon, eBay, Newegg, Walmart.com, etc., and we primarily sell to consumers in the US. Repurposing returned products that have historically ended up in landfills is both economically and environmentally responsible. Founded in 2001, Tradeport currently provides 30 good jobs here in New Hampshire, and I anticipate that number will continue to grow.

This testimony is very timely for me because just two weeks ago, my CFO and I spent an entire day trying to understand the new sales tax requirements that resulted from the Wayfair case. Our goal was simple. First, we set to understand the requirements. Then we wanted to lay out a plan that would bring us into compliance if we met the individual state threshold levels. Granted, we are just starting the process, but so far, my experience and feedback is that things are very convoluted and cumbersome.

In order to gain an understanding of the requirements, we performed a thorough web search to find resources that described the state-by-state requirements. What we found out was that in addition to the state requirements, we would also have to navigate the many local jurisdictions sales tax requirements within many of the states. Once we felt we had our arms somewhat around the overall tax requirements, we created a Sale Tax Requirements document that described the compliance rules to the best of our ability. As I sit here today, I am still not 100% confident that we have it completely "right".

We then created a new computer program from our ERP(Enterprise Resource Planning) system to give us a historical State-by-State sales report for 2018 and year-to-date for 2019. We then compared the Sales Tax Requirements document that we created to the State-By-State Sales Report. I believe this gives us a pretty good idea of

the 12 states we will have a sales tax obligation. We still haven't quite figured out all the requirements for the local jurisdictions within each state yet.

As I testified earlier, we mainly sell online using large channel partners such as Amazon, eBay, Newegg, Walmart.com, etc. We then researched what if any support the channels provide to help sellers like us comply with the new sales tax requirements. What we have discovered so far is that they all do it a little differently. This really complicates the tasks of collecting sales tax, registering in the states, and filing.

We were hopeful that the sales channels would have some support and relief from the administrative burdens associated with the sales tax compliance rules. Although our research is still very much in process, please let me describe what we found out from our research of the channels.

Amazon has a software tool that will calculate the sales tax for the states and local jurisdictions for the states that we tell them we will meet the state's thresholds. Amazon's fee for this service is 2.9% of our sales tax liability. In order to identify the states, we need to predict the sales for our products based on historical reports. Although history is a good predictor of the future, it doesn't guaranty we will select the correct states. Amazon will collect the sales tax and provide us a report (and by-the-way, they don't guaranty the accuracy. We are still responsible for any mistakes and all sales tax liability). Once we receive their report, we are then responsible for registering and filing in each state and local jurisdiction.

eBay takes slightly different approach. They have a free software tool that will collect, register, and file sales taxes on our behalf for 21 states. It seems like we are on our own for the remaining states.

Newegg is similar to eBay in that they will collect, register, and file for us, but they only do that for 12 states. Like eBay, Newegg's tool is free. But again, we are on our own to comply with the states that Newegg doesn't address.

As a result, we have come to the conclusion that we cannot perform the collection, registrations, and filings by ourselves. We are now in the process of obtaining quotes from third-party companies that claim to have built integrations with the channels and will facilitate the sales tax compliance.

The purpose my testimony today is to share with you the sales tax compliance difficulties that we have experienced so far, and to express our frustration with the process. We want to be in compliance, but as you can see from my testimony, it will be both administratively burdensome and costly. For a company with sales under \$10M, this is a significant drain on our resources.

From a personal standpoint, I believe new laws that exempt small businesses would be a huge help in maintaining a vibrant community of smaller online sellers that don't have all the necessary resources to navigate the complex rules.

Lastly, thank you for the opportunity to testify today. I will do my best in responding to any questions you may have.

Sincerely,

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