



The Internet Association

Good afternoon Chairwoman Young, Chairman Farrell, and distinguished members of the Senate and the Assembly. My name is John Olsen, and I am the New York Executive Director for the Internet Association (IA). The Internet Association is the unified voice of the internet economy, representing interests of leading Internet companies and their global community of users. It is dedicated to advancing public policy solutions that foster innovation, promote economic growth, and empower people through the free and open Internet.

I am here before you today to comment on some of the provisions Governor Cuomo has included in his Executive Budget. In addition, I would like to encourage the Legislature, Governor Cuomo, and all interested parties to use the Internet Association as a resource when crafting policy that directly or indirectly impacts e-commerce. Users and regulators alike must be cognizant of the fact that the Internet provides not only new and unique products and services, but also a medium for traditional products, services, and businesses to improve productivity and increase availability. Policymakers must begin to move past antiquated regulatory and statutory regimes and perceptions about the Internet. While historically recognized as the information superhighway, the Internet has become much more than that. The Internet is a complex economic, social, political, and cultural ecosystem - one without physical borders and limitless potential.

With this concept in mind, I would like to address two specific proposals in the Governor's budget.

- 1) Provide access to important and enhanced transportation options for residents and visitors throughout the State, while ensuring the safety, reliability, and cost-effectiveness of those services within the State of New York

The Internet Association applauds Governor Cuomo for proposing to bring ridesharing to Upstate New York and thanks him for including it among his budget proposals; however, IA has some concerns related to the imposition of a 5.5% assessment on all fares originating outside of New York City. Combined with a 2% assessment for worker's compensation for drivers, the 7.5% fee attached to a rider's fare is one of the highest assessments applied to transportation network companies in the nation. IA would ask the Legislature to consider a lower tax on fares to ensure transportation options such as Uber and Lyft remain affordable to all citizens of New York.

- 2) Modernize sales tax collection to reflect the Internet economy

The Internet Association opposes this proposal. Online marketplaces are an essential segment of the internet economy. Including marketplace providers in New York State Tax Law would set a new precedent for discriminatory tax collection by attempting to create parity between a marketplace and a vendor that rightly has the responsibility of sales tax collection in New York. If applied to a brick and mortar marketplace for example, this proposal would require large shopping centers to collect the sales tax for all purchases made in their tenant stores. This is hardly parity. Online marketplaces provide a forum to connect retailers in New York to



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consumers globally and vice versa. Requiring these forums to collect and remit sales tax would create undue compliance burdens for growing marketplaces. As the world continues to move to digital platforms, more and more companies selling online are likely to meet the imposed \$100 million threshold in annual sales and would be considered a “marketplace provider” under State Law. Some companies may choose to limit their growth to avoid the burden of sales tax collection and thus discourage innovation, workforce development, and new hires. New York State has advertised repeatedly that it is a state that is “open for business.” An entire sector of the internet economy stands to become closed for business with adoption of this proposal. IA urges lawmakers to reject this provision and ensure New York remains competitive in a growing e-commerce economy.

The Internet Association stands ready to provide a voice for its members, the tech economy, and users in New York State. IA welcomes the opportunity to provide guidance and knowledge about this unique and ubiquitous element of everyday life that impacts nearly everyone in the world.

I thank you for your time today and would be happy to answer any questions you may have.

John Olsen
Executive Director
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