



July 2, 2009

The Honorable Arnold Schwarzenegger
 Governor, State of California
 State Capitol Building
 Sacramento, CA 95814

SUBJECT: INTERNET TAXATION – CHANGE IN NEXUS DEFINITION PROPOSED IN BUDGET PACKAGE

Dear Governor Schwarzenegger:

The below-listed employer organizations and companies would like to express our gratitude for your veto of measure **SBX3 17 (Ducheny)**, which included a **Job Killer** proposal to change the definition of nexus in the sales and use tax law. We are grateful for your strong stance against this proposal, which would have harmed numerous highly-coveted California technology sector companies, as well as thousands of California small businesses and nonprofits of all types, who provide valuable consumer services and contribute millions in tax revenues to our state.

Enactment of this proposal would have exacerbated California's current budgetary challenges and severe economic downturn. By creating a strong incentive for out-of-state customers/retailers to instead utilize web service-providers in other states, thousands of California companies would have seen their customer bases shrink or disappear, ultimately resulting in lost jobs and fewer tax revenues for the state of California. Moreover, the proposal, if enacted, would have been subject to Constitutional challenge, giving rise to costly litigation against California for years to come.

Because of your leadership against this and other proposals that would create new tax-related burdens and new taxes, disaster has been averted. We thank you for making a job-creating economy a number

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one priority and look forward to working with you toward restoring the economic vitality of the Golden State.

Sincerely,

California Chamber of Commerce
Advise Company
Amazon.com
AOL
Billy Fire LLC
California Broadcasters Association
California Independent Grocers Association
California Manufacturers and Technology Association
California Taxpayers Association
Coastal Cardiology
Commission Junction, Inc.
Creativity, Inc
DMAF Consulting
Direct Marketing Association
eBay, Inc.
Entertainment Software Association
Fuller Sound/CSS Music/ D.A.W.N.
Google
Haldeman, Inc.
HR Jungle
Hydra
Irvine Chamber of Commerce
Manheim Central California
Motion Picture Association of America, Inc.
Murphy, McKay & Associates, Inc.
Ogletree's, Inc.
Overstock.com
Palm Desert Chamber of Commerce
Panoptx Inc.
Performance Marketing Alliance, Inc.
Plan-it Interactive
Recording Industry Association of America
Risse Mechanical
Seawright Custom Precast, Inc
Silicon Valley Leadership Group
Software Finance and Tax Executive Council
St. John's Retirement Village
Stephen P. McGee, Law Offices of
TechAmerica
TechNet
The Press-Enterprise
ValueClick, Inc.
VLSI Research, Inc.
Westgate Hardwoods, Inc.
Yahoo! Inc.