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RESOURCE SYSTEMS GROUP, INC.

Colorado Consumer Survey Final Results

9 August 2010

DEPOSITION
EXHIBIT
10/21/10
PENGAD 800-631-8989

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RSG 00325

Key Findings

- **The Law Invades Consumers' Privacy**
 - A clear 2/3 majority of Colorado online and catalog shoppers find the requirements to be an invasion of their privacy.
 - Only 14% agree that they do not mind if the State of Colorado knows details about their online purchases.
- **The Law Is Damaging to Out-of-State Retailers**
 - If making a similar purchase again, a 63% would not buy from the same seller, and 67% say their purchases from these retailers will decrease as a consequence of the law.

Objective and Project Approach

Objective

- Understand how a new Colorado law, and requirements imposed by the Colorado Department of Revenue under the law, will impact Colorado consumers' decisions about purchasing from Internet and catalog retailers that do not collect Colorado sales tax.

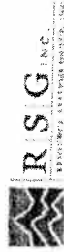
Project Approach

- 10-minute online survey with 1,019 current Colorado residents
- Respondents recruited via online panel with address-based sample (KnowledgePanel®), supplemented by external panel
- Survey was fielded between June 2 and June 21, 2010
- Questions focused on whether consumers believe the law is an invasion of their privacy and how it will impact their future purchases from out-of-state online and catalog retailers.

Survey Sample

The respondents who compose the sample accurately represent Colorado consumers who are affected by this law.

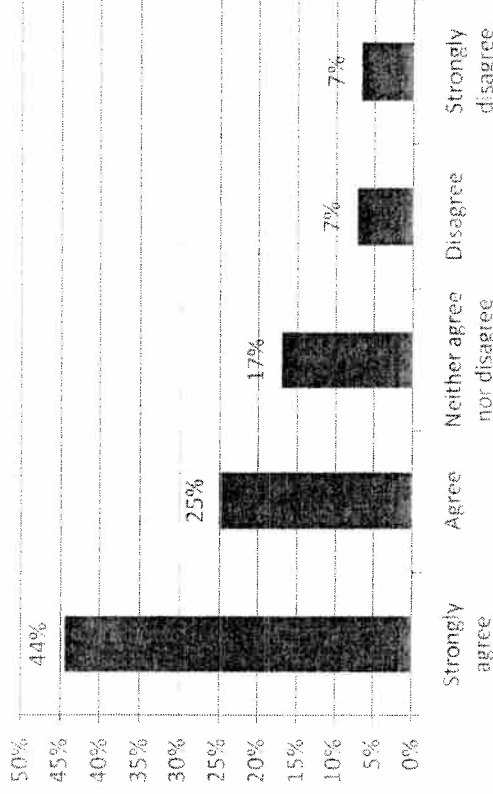
- 1,019 completed surveys are more than enough for results to be conclusive.
- Sample is representative of the people who are affected by this law - adults in Colorado who are active in purchasing goods online or via catalog.
- Respondents had to pass a series of screening questions, and they qualified if they:
 - Currently reside in Colorado
 - Are age 18 or older
 - Made an online or catalog purchase in the 6 months prior to the survey
 - Respondents who work in market research or in internet or catalog sales were disqualified.
- Respondents were contacted to participate from an address-based sample (ABS) frame to ensure representativeness.
 - The key advantage of the ABS sample frame is that it allows sampling of almost all U.S. households.
 - An estimated 98% of households are “covered”.
 - Regardless of household telephone status, they can be reached and contacted via the mail.
 - Knowledge Network’s KnowledgePanel® was used and supplemented by an external provider.
- Sample results are weighted to population demographics to ensure that representativeness is maintained.



The Law Invades Consumers' Privacy

A clear 2/3 majority of Colorado online and catalog shoppers find the requirements to be an invasion of their privacy. Only 14% agree that they do not mind if the State of Colorado knows details about their online purchases.

Reporting my name, billing address, shipping address, and the amount of my purchases to the State is an invasion of my privacy.



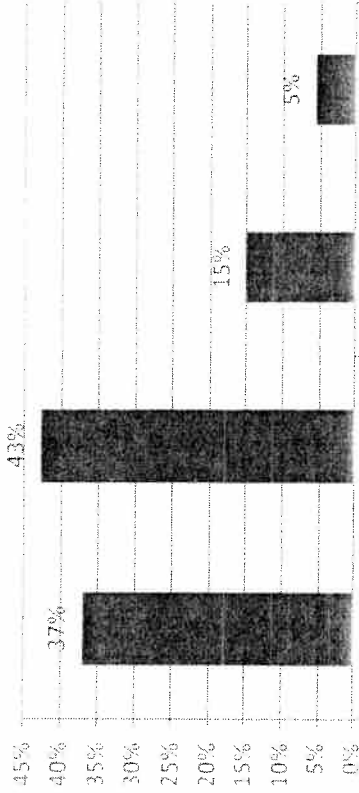
I do not mind the State of Colorado knowing the kinds of products I buy, from whom I buy them, where I have them shipped, and how much I spend.



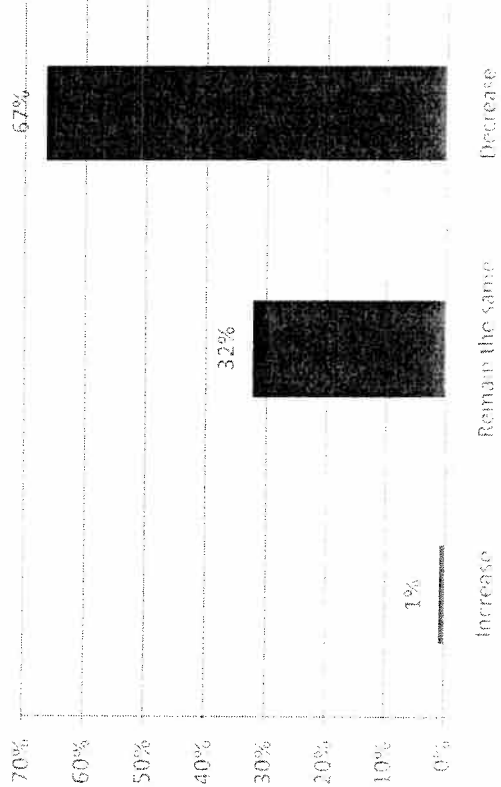
The Law Is Damaging to Out-of-State Retailers

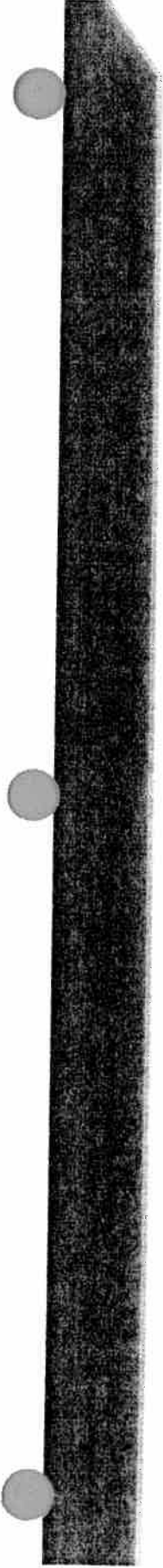
If making a similar purchase again, 63% would not buy from the same seller, and 67% say their purchases from these retailers will decrease as a consequence of the law.

If you were to make a similar purchase in the future, but with this new disclosure requirement in place, what would you most likely do?



As a result of this law, how would your Internet and catalog purchases from those out-of-state retailers who must report your name, address and purchase amount to the Department of Revenue likely be affected over the coming year?





Sample Profile



Sample Profile - Demographics

Gender	%
Female	55%
Male	45%

Age	%
18-24	12%
25-34	16%
35-44	23%
45-54	20%
55 or older	29%

Race	%
White	82%
Hispanic	8%
Black	2%
2+ Races	2%
Other	6%

Employment	%
Work full/part-time	61%
Self-employed	11%
Unemployed	7%
Retired	12%
Disabled	2%
Other	7%

Sample Profile – Most Recent Purchase

Most Recent Product Purchased*	%
Books, music or video	44%
Clothing or accessories	35%
Consumer electronics	15%
Drugs or cosmetics	13%
Computers and computer accessories	13%
Software	10%
Outdoor/garden	8%
Furniture/homeware	6%
Office supplies	6%
Jewelry	5%
Tools/hardware	5%
Cooking/kitchenware	5%
Food or drinks	5%
Other	14%


Age	%
Over the internet	94%
By phone	5%
By mail	1%

*Most recent purchase made from an Internet or catalog retailer that did not charge sales tax.

Survey Screenshots

Thank you for agreeing to participate in this survey. The purpose of the survey is to understand some of the factors that may affect your purchase decisions. The survey is being conducted by Resource Systems Group, Inc., an independent survey research firm. Please be assured that your answers will be kept strictly confidential and will not be associated with your name in any way. Absolutely no sales or marketing activity will result from your participation.

Please click "Next Question" to begin.


[Next Question](#) 



Please use the "Next Question" button in the lower left corner of the browser to go forward. If you back up to change an answer, please be sure to click "Next Question" to continue forward. It is important that you do NOT use your web browser's "forward" button because your new answers will not be recorded.

To review a previous question, use the browser's "back" button, which is the left-pointing arrow in the upper left corner of the browser.

Please click "Next Question" to continue.

Next Question 




Are you or any of your immediate family members currently employed in any of the following areas?

Please select all that apply.

- Advertising or public relations
- Agriculture or farming
- Construction
- Consulting
- Law or law enforcement
- Financial services or banking
- Education
- Market research
- Media
- Manufacturing
- Public service or not-for-profit
- Government agency
- Real estate
- Internet or catalog sales
- Retailing
- Wholesaling
- Other
- None of the above

Respondents were disqualified if they worked in market research or in internet or catalog sales.

Next Question 



Respondents were disqualified if they did not live in Colorado at the time of the survey.



In what state do you currently live?

- Select State - ▾

Next Question ➡




Respondents were disqualified if they did not purchase any products from an internet or catalog retailer in the past 6 months.

Have you purchased any products from an Internet or catalog retailer at any time within the past 6 months?

Please do not include purchases from individuals, such as individual sellers on eBay or Craig's List.

- Yes
- No

Next Question 



For the next set of questions, please think about the MOST RECENT purchase that you made from an Internet or catalog retailer that did **not** charge sales tax on the transaction. Again, please do not include purchases from individuals, such as individual sellers on eBay or Craig's List.

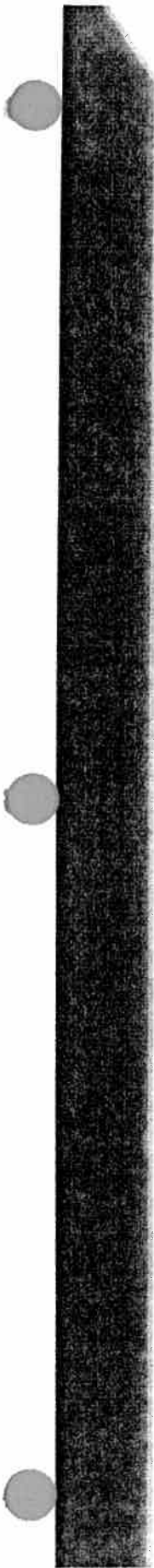
Which of the following best describes the type of product you purchased?

Please select all types that you bought as part of that most recent purchase.

- Books, music or video
- Clothing or accessories
- Drugs or cosmetics
- Consumer electronics
- Computers and computer accessories
- Jewelry
- Tools/hardware
- Furniture/homeware
- Cooking/kitchenware
- Outdoor/garden
- Food or drinks
- Software
- Office Supplies
- Other, please specify: _____
- None of the above

Next Question 





How did you make this purchase?

- Over the Internet
- By telephone
- By mail

Next Question 




Assume that in the future, the seller of this item, along with other out-of-state retailers who do not collect Colorado sales tax, would be required to report your name, billing address, shipping address, the amount of your purchases, and the name of the retailer to the Colorado Department of Revenue.

Please indicate whether you agree or disagree with each of the following statements.

Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
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Reporting my name, billing address, shipping address, and the amount of my purchases to the State is an invasion of my privacy.


I do not mind the State of Colorado knowing the kinds of products I buy, from whom I buy them, where I have them shipped, and how much I spend.

[Next Question](#) 



If you were to make a similar purchase in the future, but with this new disclosure requirement in place, what would you most likely do?

- Purchase the item from the same seller just as I did
- Purchase the same or similar item from a retailer in Colorado that is not required to report my name, billing address, shipping address, and the amount of my purchases to the Colorado Department of Revenue
- Not purchase the item at all
- Other, please specify: _____

Next Question 



A new Colorado law requires each Internet and catalog retailer that does not collect Colorado sales tax to file annually with the Colorado Department of Revenue a written statement identifying each Colorado consumer who made purchases from the retailer during the previous calendar year and showing the total amount paid by each purchaser.

Under this new law, the Colorado Department of Revenue requires each Internet and catalog retailer that does not collect Colorado sales tax to give the purchaser notice with each purchase that:

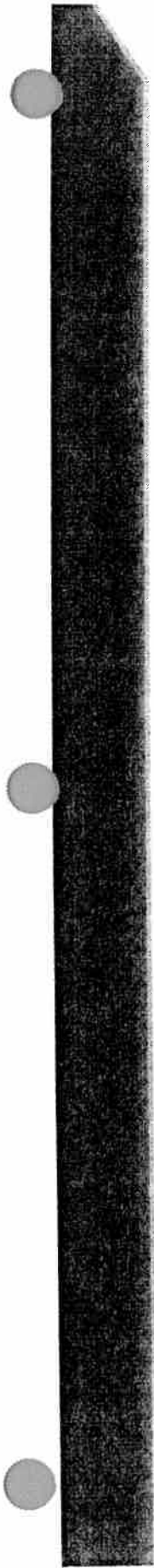
- The retailer does not collect Colorado sales tax.
- The purchase is not exempt from Colorado sales/use tax merely because it is made over the Internet or by other remote means.
- The retailer is required by law at the end of the year to report to the Colorado Department of Revenue the purchaser's name, billing address, shipping address, and total dollar amount of Colorado purchases made over the Internet or by other remote means on which no Colorado sales tax was collected.
- The State of Colorado requires that a Colorado purchaser must file a sales/use tax return at the end of the year reporting all taxable Colorado purchases that were not taxed and pay sales/use tax on those purchases.
- The retailer will send the purchaser an end-of-year summary of all Colorado purchases in order to assist in filing the sales/use tax return.

As a result of this law, how would your Internet and catalog purchases from those out-of-state retailers who must report your name, address and purchase amount to the Department of Revenue likely be affected over the coming year?

- Decrease as compared to the past year
- Remain the same as in the past year
- Increase as compared to the past year

Next Question ➔





Thank you for taking the time to complete this survey. All of your responses have been saved, so you may now exit your browser.

Questions & Comments

Resource Systems Group, Inc.
55 Railroad Row
White River Junction, VT 05001

Nelson Whipple
802.295.4999
nwhipple@rsginc.com



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Please click "Next Question" to begin.

[Next Question](#) 



RSG 00347

Please use the "Next Question" button in the lower left corner of the browser to go forward. If you back up to change an answer, please be sure to click "Next Question" to continue forward. It is important that you do NOT use your web browser's "forward" button because your new answers will not be recorded.

To review a previous question, use the browser's "back" button, which is the left-pointing arrow in the upper left corner of the browser.

Please click "Next Question" to continue.

Next Question 




RSG 00348

Are you or any of your immediate family members currently employed in any of the following areas?

Please select all that apply.

- Advertising or public relations
- Agriculture or farming
- Construction
- Consulting
- Law or law enforcement
- Financial services or banking
- Education
- Market research
- Media
- Manufacturing
- Public service or not-for-profit
- Government agency
- Real estate
- Internet or catalog sales
- Retailing
- Wholesaling
- Other
- None of the above

Next Question 



In what state do you currently live?

- Select State - ▼

Next Question ➡



RSG 00350

Have you purchased any products from an Internet or catalog retailer at any time within the past 6 months?

Please do not include purchases from individuals, such as individual sellers on eBay or Craig's List.

- Yes
- No

Next Question 




RSG 00351

For the next set of questions, please think about the MOST RECENT purchase that you made from an Internet or catalog retailer that did **not** charge sales tax on the transaction. Again, please do not include purchases from individuals, such as individual sellers on eBay or Craig's List.

Which of the following best describes the type of product you purchased?

Please select all types that you bought as part of that most recent purchase.

- Books, music or video
- Clothing or accessories
- Drugs or cosmetics
- Consumer electronics
- Computers and computer accessories
- Jewelry
- Tools/hardware
- Furniture/homeware
- Cooking/kitchenware
- Outdoor/garden
- Food or drinks
- Software
- Office Supplies
- Other, please specify:
- None of the above

Next Question 





How did you make this purchase?

- Over the Internet
- By telephone
- By mail

Next Question 




RSG 00353

Assume that in the future, the seller of this item, along with other out-of-state retailers who do not collect Colorado sales tax, would be required to report your name, billing address, shipping address, the amount of your purchases, and the name of the retailer to the Colorado Department of Revenue.

Please indicate whether you agree or disagree with each of the following statements.

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Reporting my name, billing address, shipping address, and the amount of my purchases to the State is an invasion of my privacy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I do not mind the State of Colorado knowing the kinds of products I buy, from whom I buy them, where I have them shipped, and how much I spend.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

[Next Question](#) 



RSG 00354



If you were to make a similar purchase in the future, but with this new disclosure requirement in place, what would you most likely do?

- Purchase the item from the same seller just as I did
- Purchase the same or similar item from a retailer in Colorado that is not required to report my name, billing address, shipping address, and the amount of my purchases to the Colorado Department of Revenue
- Not purchase the item at all
- Other, please specify: _____

Next Question ➔



RSG 00355


A new Colorado law requires each Internet and catalog retailer that does not collect Colorado sales tax to file annually with the Colorado Department of Revenue a written statement identifying each Colorado consumer who made purchases from the retailer during the previous calendar year and showing the total amount paid by each purchaser.

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- Increase as compared to the past year

Next Question 





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RSG 00357