

Resolution 99-5
Interstate Sales Tax Collections

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5 **WHEREAS**, the continuing growth of interstate sales by mail order, electronic commerce
6 and other direct marketing methods results in a competitive disadvantage for local business and
7 results in a state and local revenue loss estimated at billions of dollars annually, and
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9 **WHEREAS**, electronic commerce conducted via the Internet and other on-line services is
10 growing dramatically, exacerbating the problem already exhibited by traditional mail order and
11 other types of direct marketing and
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13 **WHEREAS**, the U.S. Supreme Court held in *Quill Corp v. North Dakota*, 112 S.Ct.
14 1904 (1992) that physical presence is not required to establish state jurisdiction under the
15 Commerce Clause, but that "substantial nexus" is required under the Commerce Clause to
16 require an interstate seller to collect tax, and
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18 **WHEREAS**, the Court further held that Congress may authorize states to require
19 interstate sellers to collect appropriate sales and use taxes, and
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21 **WHEREAS**, there is a clear need for the use of modern technology to alleviate
22 complexities in sales tax compliance and administration of state and local sales and use and other
23 consumption tax administration and greater simplification and coordination among states in the
24 administration of state and local sales and use and other consumption taxes to minimize
25 compliance burdens on interstate commerce, and
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27 **WHEREAS**, states have undertaken a number of efforts to achieve this simplification and
28 uniformity, including the National Tax Association Communications and Electronic Commerce
29 Tax Project, the Multistate Tax Commission Sales Tax Simplification Project, and
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31 **WHEREAS**, the Internet Tax Freedom Act created an Advisory Commission on
32 Electronic Commerce (ACEC), which is charged with the duty to conduct a thorough study of
33 Federal, State and local, and international taxation and tariff treatment of transactions using the
34 Internet and Internet access and other comparable intrastate, interstate or international sales
35 activities, now, therefore be it
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37 **RESOLVED**, that the Multistate Tax Commission affirms its support of efforts to
38 develop a modernized sales and use tax that is characterized by, among other things,
39 substantially simpler and more coordinated administrative procedures and requirements, the use
40 of modern technology to ease compliance costs and burdens for both the public and private
41 sectors, and an expansion of the duty to collect tax to some reasonable categories of interstate
42 sellers that do not have substantial nexus in the states into which they sell, and be it further
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