To:	Executive Committee
From:	Roxanne Bland, MTC Counsel
Date:	April 29, 2013
Subject:	Telecommunications Sourcing and Definitions Resolution

In 2007, the representatives from the telecommunications industry made a presentation to the MTC regarding a possible uniformity project that consisted of a proposal for telecommunications centralized administration, a proposal for telecommunications definitions and sourcing rules, and a proposal to draft a statute to minimize the industry's exposure to class action lawsuits. The Executive Committee passed the possible project to the Uniformity Committee for its consideration.

The Committee decided to take up the project. First, it divided the project into subprojects, because each involved different considerations. The first project to be completed was the telecommunications centralized administration subproject, which is now an official MTC uniformity recommendation to the states.

The second subproject concerns the industry's request for uniform telecommunications definitions and sourcing rules. However, the Streamlined Sales and Use Tax Agreement already contains these provisions.[1] Rather than repeat or reconsider what Streamlined has already accomplished, the committee determined that perhaps a resolution would be appropriate.

On December 5, 2012, the Uniformity Committee voted to refer the attached draft resolution to the Executive Committee for its consideration to either forward to the resolutions committee or to present directly to the full Commission for a vote at its July, 2013 meeting.

[1] Sourcing provisions: Section 314 (rules), 315 (definitions). Telecommunications Definitions: Library of Definitions, Appendix C, Part II. http://www.streamlinedsalestax.org/uploads/downloads/Archive/SSUTA/SSUTA%20As%20Amended%205-24-12.pdf

Resolution in Support of State Consideration of the Streamlined Sales and Use Tax Agreement's Telecommunications Sourcing Rules and Definitions

WHEREAS, the Streamlined Sales and Use Tax Agreement is an agreement among states to simplify sales and use tax administration; and

WHEREAS, the Streamlined Sales and Use Tax Agreement Governing Board is comprised of twenty-four states that have enacted the Agreement into their laws; and

WHEREAS, the Agreement provides telecommunications sourcing rules in Section 314, telecommunications sourcing definitions in Section 315, and telecommunications tax base/exemption definitions in Appendix C, Part II; and

WHEREAS, the stated purposes of the Multistate Tax Compact are to:

1. Facilitate proper determination of State and local tax liability of multistate taxpayers, including the equitable apportionment of tax bases and settlement of apportionment disputes;

2. Promote uniformity or compatibility in significant components of tax systems;

3. Facilitate taxpayer convenience and compliance in the filing of tax returns and in other phases of tax administration; and

4. Avoid duplicative taxation; and

WHEREAS, the Uniformity Committee, the Commission body charged with developing uniformity recommendations to the states, reviewed the Streamlined Agreement's Section 314 telecommunications sourcing rules, Section 315 telecommunications sourcing definitions and the telecommunications tax base/exemption definitions in Appendix C, Part II, and recommended Commission conveyance of these provisions to states for their consideration; now, therefore, be it

RESOLVED, that the Multistate Tax Commission commends the Streamlined Sales and Use Tax Agreement Governing Board for its uniformity efforts in telecommunications sourcing and definitions; and be it further

RESOLVED, that, given the Commission's interest in achieving greater uniformity among state tax laws, that the Commission encourages states to consider enacting the Streamlined Sales and Use Tax Agreement's Section 314, telecommunications sourcing definitions, Section 315, telecommunications sourcing rules, and the tax base/exemption definitions contained in as the Library of Definitions, Appendix C, Part II currently in effect, and the states should consider any future amendments to maintain uniformity.

Adopted this 24th day of July, 2013 by the Multistate Tax Commission

Julie P. Magee	Joe Huddleston
Chair, Multistate Tax Commission	Executive Director