



Working together since 1967 to preserve federalism and tax fairness

To: Uniformity Committee
From: Roxanne Bland, Counsel
Date: November 20, 2009
Subject: Report on Pending Federal Legislation, 111th Congress

Below is a report on proposed federal legislation pending in the 111th Congress relating to state taxation.

Sales/Transaction Taxes

1. Main Street Fairness Act (Streamlined Sales Tax)

As of this writing, this bill has not yet been introduced. Issues that remain unresolved include compensation and the inclusion of a permanent Internet access tax moratorium. An extension of the moratorium may eliminate the existing grandfather clause for states that already impose such taxes. If a bill is introduced this year in the House (no Senate companion bill is expected), it may get a hearing in 2010. It is expected that Rep. William Delahunt, D-MA will sponsor the House bill.

2. S. 1192, H.R. 1521, Cell Tax Fairness Act of 2009

Prohibits states or local governments from imposing any new discriminatory tax on mobile services, mobile service providers, or mobile service property for five years after the enactment of this Act. Defines "new discriminatory tax" as a tax imposed on mobile services, providers, or property that is not generally imposed on other types of services providers or property, or that is generally imposed on others at a lower rate. A companion bill was introduced in the Senate on 6/4/2009. Sponsor: Sen. Ron Wyden, D-OR and referred to the Committee on Finance. No hearings have been held and none are scheduled. House version introduced on 3/16/2009. Sponsor: Rep. Zoe Lofgren, D-CA. Referred to the Subcommittee on Commercial and Administrative Law; hearing held on 6/9/09. Current activity: The House Subcommittee staff has requested a meeting of all stakeholders in December. There is a possibility for a mark-up early next year. The bill now has 118 co-sponsors.

3. H.R. 1019, State Video Tax Fairness Act of 2009

Prohibits any state from imposing a discriminatory tax on any means of providing multichannel video programming distribution services, including Internet protocol technology (or any successor protocol), direct broadcast satellite delivery, and cable television services. Defines a tax as discriminatory if the net tax rate imposed on one means of providing multichannel video service is higher than the net tax rate imposed on another. Applies this prohibition only to any tax imposed on or after January 1, 2008. Introduced on 2/12/09. Sponsor: Rep. John Conyers, D-MI. Referred to the Subcommittee on Commercial and Administrative Law. No hearings have been held. Current Activity: Very little chance of movement due to the litigation winding through the courts of FL, KY, OH, MA and NC.

4. H.R. 1560, S. 43, Permanent Internet Tax Freedom Act

The House and Senate versions of the bill are identical. Amends the Internet Tax Freedom Act to make permanent the ban on state and local taxation of Internet access and on multiple or discriminatory taxes on electronic commerce. The current preemption will expire in 2014. H.R. 1560 introduced on 3/17/09. Sponsor: Rep. Anita Eshoo, D-CA. S. 43 introduced on 1/6/09. Sponsor: Sen. John Ensign, R-NV. Current activity: May be incorporated into the Main Street Fairness Act.