



MULTISTATE TAX COMMISSION

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To: Uniformity Committee  
From: Roxanne Bland, Counsel  
Date: July 26, 2010  
Subject: Report on Pending Federal Legislation, 111<sup>th</sup> Congress

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

### **Sales/Transaction Taxes**

#### **1. H.R. 5660, Main Street Fairness Act (Streamlined Sales Tax)**

Allows states to collect sales taxes from remote vendors through a simplified sales tax system. Includes provisions for Native American tribes to petition for membership. Introduced on June 30, 2010. Sponsor: Rep. William Delahunt D-MA. Current activity

#### **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. 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: None.

#### **3. H.R. 4175, End Discriminatory State Taxes for Automobile Renters Act of 2009**

Prohibits states and local governments from imposing tax on 1) car rentals but not on, or with respect to, the rental of more than 51% of the rentals of other tangible personal

property rented within the state or locality, or car rentals at a tax rate exceeding the rate generally applicable to at least 51 percent of the rentals of other tangible personal property; 2) the business of renting motor vehicles but not on, or with respect to, the business of more than 51% of the other commercial and industrial taxpayers within the State or Locality, on the same tax base as the state or locality employs with respect to the business of renting motor vehicles, or the business of renting motor vehicles at a tax rate that exceeds the rate generally applicable to the business of more than 51 percent of the other commercial and industrial taxpayers; and 3) assesses, levies or collects property tax at a value that has a higher ratio to the true market value of the property than the ratio that the assessed value of other commercial and industrial property of the same type in the same assessment jurisdiction has to the true market value of the other commercial and industrial property or an ad valorem tax on motor vehicle rental property at a tax rate that exceeds the tax rate applicable to commercial and industrial property in the same assessment jurisdiction. Referred to Subcommittee on Commercial and Administrative Law. Introduced 12/2/09. Sponsor: Rep. Rick Boucher, D-VA. Hearing held on 6/15/10. Current activity:

#### **4. H.R. 5649, Digital Goods and Services Fairness Tax Act of 2010**

Prohibits multiple or discriminatory taxes on or with respect to the sale or use of digital goods or digital services. Taxes on or with respect to sales of digital goods and services may only be imposed on the customer, and may be imposed only by the state and local jurisdictions whose territorial limits encompass the customer's tax address. Limitation is satisfied if sourcing is determined by a seller pursuant to State sourcing rules adopted pursuant to the Streamlined Sales and Use Tax Agreement. For sales of digital goods or services by a mobile service provider, tax address has the same meaning as that in the Mobile Telecommunications Sourcing Act. Taxes imposed on tangible personal property, telecommunication service, Internet access services or audio or video programming service cannot be retroactively "construed" to have also been imposed on digital goods and digital services through administrative ruling, regulation or similar pronouncement. Online sales of medical, educational and energy management services are exempt from tax. Introduced 6/30/10. Sponsor: Rep. Boucher, D-VA. Current activity: None.

**5. 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. Current Activity: None.

**6. 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: None.