

Multistate Tax Commission



Resolution No. 00-3

Resolution Supporting Simplification Efforts on Intra- and Interstate Sales Tax Collection and Administration

Repealed 8/2/02 by MTC Policy Statement 02-01

WHEREAS, the continuing growth of interstate sales by mail order, electronic commerce and other direct marketing methods to consumers results in a competitive disadvantage for local businesses and results in a state and local revenue loss estimated to be \$20 billion annually by 2003; and

WHEREAS, electronic commerce conducted via the Internet and other on-line services is growing dramatically, exacerbating the problem already exhibited by traditional mail-order and other types of direct marketing; and

WHEREAS, the U.S. Supreme Court held in *Quill Corp. v. North Dakota* that physical presence is not required to establish state jurisdiction over interstate sellers under the Due Process Clause, but that “substantial nexus” is required under the Commerce Clause to require an interstate seller to collect tax; and

WHEREAS, the Court further held that Congress may authorize States to require interstate sellers to collect appropriate sales and use taxes; and

WHEREAS, there is a clear need for simplification of state and local sales tax administration and greater uniformity among States in the administration of sales and use tax to avoid imposing an “undue burden” on interstate commerce; and

WHEREAS, States have undertaken a number of efforts to achieve this simplification and uniformity, including the National Tax Association Communications and Electronic Commerce Tax Project, and the Multistate Tax Commission Sales Tax Simplification Project; and

WHEREAS, more than 30 States are now involved in the Streamlined Sales Tax Project that has as its goal the development of a radically simplified sales tax administration system that will reduce the compliance burden for all types of retailers; now, therefore, be it

RESOLVED, that the Multistate Tax Commission affirms its support of efforts to develop a modernized sales and use tax that is characterized by, among other things, substantially simpler and more uniform administrative procedures and requirements, an expansion of the duty to collect tax to reasonable categories of interstate sellers; and be it further

RESOLVED, that the Multistate Tax Commission encourages States, industry representatives and other involved parties to participate actively in efforts to simplify and improve the administration of state and local sales and use taxes.

Adopted this 28th day of July 2000 by the Multistate Tax Commission.

Dan R. Bucks, Executive Director