



Multistate Tax Commission Memorandum

States Working Together Since 1967 . . . To Preserve Federalism and Tax Fairness

To: Members of the Commission
From: Joe Huddleston, Executive Director
Date: August 2, 2007
Subject: 110th Congress Legislative Activity and MTC Responses

The MTC has interpreted the application of Policy Statements 03-01, 02-02 and 02-01 and Policy Resolution 05-04 to specific proposed federal legislation introduced in the 110th Congress as follows:

Statement of Application of Policy Statement 03-01 to Specific Federal Legislative Measures

The MTC strongly supports S. 1453 insofar as the bill extends the current moratorium for until 2011, preserves the “grandfather” clause protecting certain pre-existing taxes and contains a clearer definition of “Internet access.”

This Statement of Application will expire at the close of session of the 110th Congress.

Statement of Application of Policy Statement 03-01 and Policy Resolution 05-04 to Specific Federal Legislative Measures

The Multistate Tax Commission strongly opposes S.156 (Permanent Internet Tax Freedom Act) and H.R. 743 (Permanent Internet Tax Freedom Act of 2007) and H.R. 1077 (Internet Consumer Protection Act of 2007) insofar as these bills are an unwarranted preemption of state authority. S. 156, H.R. 743 and H.R. 1077 make permanent the current moratorium on state and local taxes on Internet access, and further repeals the “grandfather clause” protecting certain pre-existing taxes. These measures also promote discrimination within the communications industry by allowing disparate tax treatment between functionally equivalent means of electronic communication

This Statement of Application will expire at the close of session of the 110th Congress.

Statement of Application of Policy Statement 03-01 and 02-02 to Specific Federal Legislative Measures

The Multistate Tax Commission strongly opposes S. 1726, (Business Activity Tax Simplification Act of 2007), insofar as these bills are an unwarranted preemption of the states' authority to levy tax on the business activities of multistate enterprises, and encourages the creation and use of tax shelters to unfairly shift income away from the jurisdiction where that income is earned, thereby undermining a state's ability to provide government services not only to the general citizenry, but also to the enterprise doing business within the state.

This Statement of Application will expire at the close of session of the 110th Congress.

Statement of Application of Policy Statement 02-01 to Specific Federal Legislative Measures

The Multistate Tax Commission supports S. 34 (Sales Tax Fairness and Simplification Act) insofar as it encourages sales tax uniformity as embodied by the Streamlined Sales and Use Tax Agreement.

This Statement of Application will expire at the close of session of the 110th Congress.

Statement of Application of Policy Statement 03-01 to Specific Federal Legislative Measures

The Multistate Tax Commission strongly urges Congress, in regards to H.R. 2242 ("To Prohibit a State From Imposing a Discriminatory Commuter Tax on Nonresidents[.]") to respect the sovereignty of states in developing and administering their own taxes within constitutional limits. The Multistate Tax Commission is prepared to assist states in resolving the issue of imposing income tax on taxpayers who telecommute between two taxing jurisdictions.