



MULTISTATE TAX COMMISSION

Working together since 1967 to preserve federalism and tax fairness

Resolution 2001-02

Resolution Renewing the Commitment of MTC Member States to Voluntary State Tax Uniformity

WHEREAS, the purposes of the Multistate Tax Compact ("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, all citizens and their governments should share the goal of having a tax system that

- is fair and administrable;
- requires a minimum of resources for taxpayer compliance and government enforcement;
- clearly informs taxpayers of their specific compliance obligations;
- minimizes the potential for duplicative taxation; and
- ensures that intrastate commerce and interstate commerce compete on a level playing field;

and

WHEREAS, greater interstate uniformity in the taxation of interstate and international commerce can make an important contribution to that goal; and

WHEREAS, in September 2000 the Executive Committee of the Multistate Tax Commission through a strategic planning process identified the goal of "more uniform treatment-in terms of consistency, equity, and simplicity-amongst the States and amongst taxpayers to ensure a level

playing field among all forms of commerce" as one of the priority goals for the Commission's work; and

WHEREAS, the detail of the Commission's uniform apportionment and allocation regulations provide appropriate administrative detail for the Uniform Division of Income for Tax Purposes Act embodied in Article IV of the Compact; and

WHEREAS, universal adoption of the Commission's model allocation and apportionment regulations would contribute to the achievement of fair apportionment of multistate income in reasonable relationship to where it is earned and substantially eliminate "duplicative taxation," fulfilling these purposes of the Compact; and

WHEREAS, Article V of the Compact seeks to minimize "duplicative taxation" of transactions subject to sales and use taxes, and the Multistate Tax Commission ("Commission") seeks to fulfill this purpose through uniformity proposals that include, among other things, the promotion of uniform sourcing principles; and

WHEREAS, uniformity reduces the burden on business to maintain separate work papers and supporting records, to calculate its separate tax obligations in the several States, and to track the States' varying regulations and court decisions, thereby achieving greater taxpayer convenience and compliance and promoting greater voluntary compliance by taxpayers; and

WHEREAS, uniformity enhances joint State enforcement and administrative mechanisms that reduce business and governmental costs and facilitate taxpayer convenience by, for example, reducing the number of separate audits with which taxpayers must deal; and

WHEREAS, in recognition of the sovereignty of each of the States to make tax policy choices appropriate to the structure of their economies or reflective of the articulated preferences of their citizens, the Commission's uniformity proposals, including model regulations, statutes, and guidelines are Recommendations to the States and no State, not even a Commission Member State, is bound by the Commission's action; and

WHEREAS, the difference on a particular issue between a State's current policy and the policy reflected in the Commission's uniformity recommendations frequently has relatively little impact in terms of either fundamental fairness or generated revenue; and

WHEREAS, even minor policy differences among the States can impose unnecessary burdens on multistate business that must familiarize themselves with non-uniform regulations and then track them on a continuous basis; and

WHEREAS, in an increasingly competitive international economy, U.S. business is understandably frustrated with unnecessary, diverse government regulatory burdens of all kinds; and

WHEREAS, this frustration is often used to justify legislative proposals in every session of Congress to preempt some aspect of State taxation; and

WHEREAS, voluntary uniformity substantially eliminates the burden of diverse State tax systems and thereby eliminates any justification for federal preemption; and

WHEREAS, democratic principles necessarily suggest that the same governmental body that is responsible for the provision of governmental services retain accountability for deciding how to raise the revenue essential to finance those services; and

WHEREAS, by increased dialogue, those that enjoy State services and benefits must understand that the capacity to raise revenue necessarily impacts the capacity of a State to provide the desired services and benefits; and

WHEREAS, States are much more likely to move toward more uniform tax policies, laws, and rules if the business community supports such changes; and

WHEREAS, increased dialogue with business will promote and achieve this result; now, therefore, be it

RESOLVED, that the Commission respectfully urges all State revenue agency and legislative officials with tax policy responsibility-in MTC Member and non-member States alike-to familiarize themselves with the Commission's Uniformity Recommendations; and be it further

RESOLVED, that the staff of the Commission is directed to transmit a compilation of the Commission's uniformity recommendations, via the Multistate Tax Commission's website, or other appropriate means, to the Directors of Revenue of all 50 States and the District of Columbia, as well as the Chairs of the legislative committees responsible for State tax policy in all 50 States and the District of Columbia City Council; and be it further

RESOLVED, that the Multistate Tax Commission respectfully requests that serious consideration be given by all States to the feasibility and potential benefits to the States and the general taxpaying community in adopting the Commission's uniformity recommendations which they have not yet adopted, and be it further

RESOLVED, that the staff of the Multistate Tax Commission is directed to survey the States on a biennial basis, regarding their review of the Commission's uniformity recommendations, including, to the maximum extent feasible,

- the date of adoption and official citation in law and/or regulation for the uniformity recommendations they have adopted, and
- the status of their consideration of the recommendations they have not yet adopted, and
- in the case of recommendations that they choose not to adopt, the reasons for the determination, and be it further

RESOLVED that the staff of the Multistate Tax Commission is directed to present the results of the biennial survey at the Fall Executive Committee Meeting in Washington, D.C., beginning in 2004; and be it further


RESOLVED, that the Commission commits itself to fostering increased uniformity; and be it further

RESOLVED, that States renew their commitment to seek greater uniform tax treatment in terms of consistency, equity, and simplicity, and to promote higher voluntary compliance through education, simplification, coordinated enforcement, and increased dialogue among stakeholders.

Adopted this 27th day of July, 2001 by the Multistate Tax Commission.

Adopted, as amended, this 17th day of August 2006 by the Multistate Tax Commission.

Adopted, without amendment, this 27th day of July, 2011, by the Multistate Tax Commission.



Joe Huddleston
Executive Director