



## 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 17, 2006  
Subject: 109<sup>th</sup> Congress Legislative Activity and MTC Responses

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The MTC has interpreted the application of Policy Statements 03-01, 02-02 and 02-01 to specific proposed federal legislation introduced in the 109<sup>th</sup> Congress as follows:

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

The MTC strongly opposes Title XII of H.R. 5252, the Cell Phone Tax Moratorium Act of 2006, as an unwarranted intrusion on state taxing authority by preempting legitimate, nondiscriminatory state practices in property, sales and excise taxation of the wireless telecommunications industry.

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

The MTC strongly supports those sections in H.R. 5252 insofar as they express a clear congressional intent not to preempt state taxing authority over VoIP services, direct-to-home satellite services, and video services, including IP-enabled video services, respectively.

This Statement of Application will expire at the close of session of the 110<sup>th</sup> Congress.

### **Statement of Application of Policy Statement 03-01 and Policy Resolution 01-09 to Specific Federal Legislative Measures**

The Multistate Tax Commission strongly opposes H.R. 1369 and S. 1201, insofar as they are an unwarranted preemption of state authority, and creates tax discrimination among similarly situated taxpayers. In addition, H.R. 1369 and S. 1201 provides certain taxpayers special treatment by affording those taxpayers access to federal courts, thereby creating the potential for preferential treatment with respect to property taxpayers without such access.

This Statement of Application will expire at the close of session of the 110<sup>th</sup> 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. 849 (Internet Tax Nondiscrimination Act), H.R. 4862 (Internet Consumer Protection Act of 2005), and Title X, Section 1013 of H.R. 5252 (Communications Act of 2006) insofar as these bills are an unwarranted preemption of state authority. S. 849, H.R. 4862 and Title X of H.R. 5252 make permanent the current moratorium on state and local taxes on Internet access, and further repeals the “grandfather clauses” protecting certain pre-existing taxes.

This Statement of Application will expire at the close of session of the 110<sup>th</sup> Congress.

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

The Multistate Tax Commission strongly opposes H.R. 1956, H.R. 4845 and S. 2721 (Business Activity Tax Simplification Act), 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 110<sup>th</sup> Congress.

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

The Multistate Tax Commission strongly urges states that have not adopted the Streamlined Sales Tax Agreement to pass legislation doing so. The Commission supports S. 2152 and urges the stakeholders to reach consensus upon all remaining issues so that the legislation can proceed. Further, the Commission believes that any small business exemption included in the legislation should be subject to a three-year sunset provision.

This Statement of Application will expire at the close of session of the 110<sup>th</sup> Congress.