RESOLUTION ON STATE SALES TAX COLLECTION AND E-COMMERCE TRANSACTIONS

WHEREAS, states have the authority under the U.S. Constitution to levy taxes on commerce to raise revenue, including sales taxes; and

WHEREAS, with e-commerce sales having grown from $995 billion in 1999 to nearly $2.4 trillion in 2006, e-commerce makes up an increasingly large part of commerce in individual states; and

WHEREAS, the U.S. Supreme Court held in Quill Corp. v. North Dakota that states cannot compel businesses to collect sales tax for out-of-state transactions, unless the business has an office in the consumer’s state; and

WHEREAS, individual consumers are responsible for reporting out-of-state purchases to their state in order to determine state tax liability; and

WHEREAS, a recent study by the University of Tennessee estimated that the inability to collect sales tax from out-of-state e-commerce transactions will cost states over $12 billion in lost revenue in 2012 alone; and

WHEREAS, the U.S. Supreme Court also held in Quill Corp. v. North Dakota that “Congress is now free to decide whether, when, and to what extent the States may burden interstate mail order concerns with a duty to collect use taxes.”

NOW, THEREFORE BE IT RESOLVED, that The Council of State Governments supports efforts by Congress to regulate e-commerce through legislation that allows states to enforce their existing sales and use tax laws, regardless of the method of transaction, and to collect taxes under state law.

BE IT FURTHER RESOLVED, that a copy of this resolution be sent to appropriate members of Congress and executive officials.

Adopted this 20th Day of May, 2012, at CSG’s 2012 National Leadership Conference in La Quinta, California.