

HOUSE BILL 1421

Unofficial Copy
Q4

2000 Regular Session
(01r3096)

ENROLLED BILL
-- Ways and Means/Budget and Taxation --

Introduced by **Delegate Hixson**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Streamlined Sales Tax System for the 21st Century**

3 FOR the purpose of requiring the Comptroller to enter certain discussions with
4 certain states regarding the development of a certain streamlined sales and use
5 tax collection and administration system; authorizing the Comptroller to
6 participate in a certain sales tax pilot project and enter into certain agreements;
7 requiring that certain agreements establish certain provisions for the
8 administration, imposition, and collection of sales and use taxes; excusing
9 certain parties from certain provisions of law to the extent a different procedure
10 is required by certain agreements; requiring that certain agreements terminate
11 no later than a certain date; providing for certain treatment of certain
12 confidential taxpayer information under certain circumstances; requiring the
13 Comptroller to provide certain reports to the Governor and the General
14 Assembly regarding the status of discussions with other states on a streamlined
15 sales and use tax collection system; *providing for the termination of this Act*; and
16 generally relating to authorization for the Comptroller to participate in
17 discussions with other states regarding the development of a multistate,

1 voluntary, streamlined sales and use tax collection and administration system.

2 Preamble

3 WHEREAS, State and local tax systems should treat transactions in a
4 competitively neutral manner; and

5 WHEREAS, A simplified sales and use tax system that treats all transactions in
6 a competitively neutral manner will strengthen and preserve the sales and use tax as
7 ~~a vital State and local revenue source~~ revenue source and preserve State fiscal
8 sovereignty; and

9 WHEREAS, Remote sellers should not receive preferential tax treatment at the
10 expense of local "main street" merchants, nor should those vendors be burdened with
11 special, discriminatory, or multiple taxes; and

12 WHEREAS, The State should simplify sales and use taxes to reduce the
13 administrative burden of collection; and

14 WHEREAS, While states have the sovereign right to set their own tax policies,
15 states working together have the opportunity to develop a more simple, uniform, and
16 fair system of state sales and use taxation without federal government mandates or
17 interference; now, therefore,

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That:

20 (a) The Comptroller shall enter into discussions with other states regarding
21 development of a multistate, voluntary, streamlined system for sales and use tax
22 collection and administration. These discussions shall focus on a system that would
23 have the capability to determine whether a transaction is taxable or tax exempt, the
24 appropriate tax rate applied to the transaction, and the total tax due on the
25 transaction, and shall provide a method for collecting and remitting sales and use
26 taxes to the State. The system may provide compensation for the costs of collecting
27 and remitting sales and use taxes.

28 (b) The discussions between the Comptroller and other states may include:

29 (1) the development of a "Joint Request for Information" from potential
30 public and private parties governing the specifications for a streamlined sales and use
31 tax collection and administration system;

32 (2) the mechanism for compensating parties for the development and
33 operation of the system;

34 (3) establishment of minimum statutory simplification measures
35 necessary for state participation in the system; and

36 (4) measures to preserve confidentiality of taxpayer information and
37 privacy rights of consumers.

1 (c) Following the discussions, the Comptroller may proceed to issue a Joint
2 Request for Information.

3 (d) The Comptroller may participate in a sales and use tax pilot project with
4 other states and selected businesses to test means for simplifying sales and use tax
5 administration and may enter into joint agreements for that purpose.

6 (e) (1) Agreements to participate in the test shall establish provisions for
7 the administration, imposition, and collection of sales and use taxes resulting in
8 revenues paid that are the same as would be paid under Title 11 of the Tax - General
9 Article.

10 (2) Parties to the agreements are excused from complying with the
11 provisions of Title 11 of the Tax - General Article to the extent a different procedure
12 is required by the agreements, except for confidentiality of taxpayer information.

13 (3) Agreements authorized under this section shall terminate no later
14 than December 31, 2001.

15 (f) Return information submitted to any party or parties acting for and on
16 behalf of the State shall be treated as confidential taxpayer information. Disclosure of
17 confidential taxpayer information as necessary shall be pursuant to a written
18 agreement between the Comptroller and the party or parties. The party or parties
19 shall be bound by the same requirements of confidentiality as the Comptroller under
20 Title 3, Subtitle 2 of the Tax - General Article.

21 (g) (1) The Comptroller shall provide ~~quarterly~~ semiannual reports to the
22 Governor and, subject to § 2-1246 of the State Government Article, to the Legislative
23 Policy Committee and fiscal committees of the General Assembly on the progress of
24 multistate discussions.

25 (2) On or before March 1, 2001, the Comptroller shall report to the
26 Governor, and, subject to § 2-1246 of the State Government Article, to the members of
27 the Legislative Policy Committee and fiscal committees on the status of multistate
28 discussions and, if a proposed system has been agreed upon by participating states,
29 shall also recommend whether the State should participate in the system.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 July 1, 2000. It shall remain effective for a period of 2 years and, at the end of June 30,
32 2002, with no further action required by the General Assembly, this Act shall be
33 abrogated and of no further force and effect.

