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By: **Delegate Hixson**

Introduced and read first time: March 6, 2000

Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

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; and generally relating to authorization for  
16 the Comptroller to participate in discussions with other states regarding the  
17 development of a multistate, voluntary, streamlined sales and use tax collection  
18 and administration system.

19 **Preamble**

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

22 WHEREAS, A simplified sales and use tax system that treats all transactions in  
23 a competitively neutral manner will strengthen and preserve the sales and use tax as  
24 vital State and local revenue sources and preserve State fiscal sovereignty; and

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

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

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

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
6 MARYLAND, That:

7 (a) The Comptroller shall enter into discussions with other states regarding  
8 development of a multistate, voluntary, streamlined system for sales and use tax  
9 collection and administration. These discussions shall focus on a system that would  
10 have the capability to determine whether a transaction is taxable or tax exempt, the  
11 appropriate tax rate applied to the transaction, and the total tax due on the  
12 transaction, and shall provide a method for collecting and remitting sales and use  
13 taxes to the State. The system may provide compensation for the costs of collecting  
14 and remitting sales and use taxes.

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

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

19 (2) the mechanism for compensating parties for the development and  
20 operation of the system;

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

23 (4) measures to preserve confidentiality of taxpayer information and  
24 privacy rights of consumers.

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

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

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

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

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

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

7 (g) (1) The Comptroller shall provide quarterly reports to the Governor and,  
8 subject to § 2-1246 of the State Government Article, to the Legislative Policy  
9 Committee of the General Assembly on the progress of multistate discussions.

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

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 July 1, 2000.