
By: **Delegate Hixson**
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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; 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

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

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

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

10 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
11 MARYLAND, That:

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

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

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

24 (2) the mechanism for compensating parties for the development and
25 operation of the system;

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

28 (4) measures to preserve confidentiality of taxpayer information and
29 privacy rights of consumers.

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

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

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

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

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

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

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

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

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