

# ***Streamlining State and Local Sales Taxes***

44 States, DC and Puerto Rico  
Legislative Branch  
Executive Branch  
Local Governments  
Tax Practitioners  
Business community

## Remote sales: What is at stake?

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- "State and Local Sales Tax Revenue Losses from E-Commerce," Report by Dr. Bill Fox at Univ. of Tennessee: State and local governments will lose an estimated **\$14.8 billion** in FY 2012 as they are unable to collect sales taxes from remote sales.
- FY 2012 projected loss for South Dakota state & local taxes is estimated at **\$60 million** for e-commerce, catalog and phone orders. This figures does not include a small business threshold and it does not include compensation to be paid to all sellers. Net amount collected is assumed to be smaller.



# **STREAMLINED REGISTRATIONS & REVENUES**

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Total South Dakota Tax from Volunteer Sellers  
October 2005 through December 2012

- Total Volunteer Registrations: 1842
- State Tax: \$8,974,235
- Municipal Tax: \$3,726,021
- Trust Fund: \$8,742,015\*

\* Trust Fund includes state tax plus interest since July 2006. This is the cumulative amount. The legislature has transferred most of this amount to the general fund. When this amount exceeds \$10 million the allowance in 10-45-27.2 will begin the following July 1st.

# SSUTA: Key Features

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- State level administration of local sales and use taxes
- Rate simplification
  - ◆ Allows one general state rate per state
  - ◆ Allows single local rate per jurisdiction

# SSUTA: Key Features

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- Common state and local tax bases within a state
- Common tax base for local jurisdictions
- Uniform sourcing rule for goods and services
  - ◆ Destination based
    - An exception for in-state origin based
- Uniform sourcing rule for:
  - ◆ Telecommunications
  - ◆ Lease or rental of property
  - ◆ Direct mail

# SSUTA: Key Features

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## Uniform Definitions

- Food and food ingredients
- Prepared food
- Candy
- Soft drinks
- Dietary supplement
- Clothing
- Lease or rental
- Tangible personal property
- Bundled Transaction
- Drugs
- Durable Medical Equipment
- Computer Software
- Prewritten Computer Software
- Delivered Electronically
- Load and Leave
- Sales Price

# **SSUTA: FEDERAL LEGISLATION**

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Three Federal Bills were introduced in the Senate and House in 2011. Hearings have been held in various committees since then.

- “Main Street Fairness Act”, S.1452. It will require remote sellers to collect tax in Full Member Streamlined states.
- **MAIN BILL** “Marketplace Fairness Act”, S. 1832. This bill will require remote sellers to collect in all states that adopt certain simplifications.
- “Marketplace Equity Act”, S. 3179. This bill will require remote sellers to collect in all states that adopt certain simplifications.