

# SALT LAKE CHAMBER

## PRINCIPLES REGARDING COLLECTION OF REMOTE SALES AND USE TAX

The Salt Lake Chamber supports tax policies that strengthen the Utah economy. We favor tax policies that properly balance tax simplicity, efficiency, fairness, revenue sufficiency and transparency. The collection of remote sales and use taxes is challenging, both for the state and for remote sellers. Thus, we support the following principles for the collection of sales tax by remote sellers:

**Financial Burden** – As purchases from remote sellers increase, the state’s failure to collect sales and use tax on out-of-state remote purchases shrinks the collected sales tax and creates a financial burden on the State of Utah and its local governments. Increased revenues from collecting taxes that are due could be used to improve infrastructure, education and/or reduce the overall tax burden on Utahns.

**Congress Should Act** – The Commerce Clause of the United States Constitution and legal precedent establishes that the federal government has primacy to regulate interstate commerce, such as remote sales originating from another state. Congress should enact federal legislation, which provides for fairness and certainty in the marketplace and ease of compliance for remote sellers.

**Federal Preemption** – Federal action that prevents a patchwork of regulatory regimes is desirable. In the absence of federal law, we support efforts by Utah policymakers and administrators consistent with these principles, which address the collection of sales tax on remote sales.

**Not a New Tax** – In Utah, consumers owe a use tax for purchases made from out-of-state remote sellers, even if that remote seller does not collect the tax from the Utah consumer. However, the consumer reporting is deficient and state enforcement is difficult and sporadic.

**Equitable Taxation** – Sales and use tax policy should not create competitive advantages for either remote sellers or point-of-sale sellers.

**Vendor Compensation** – Compensation for remote and point-of-sale sellers to collect sales or use taxes should not create competitive advantages for either seller.

**State Taxation Authority** – States should maintain the authority to use state-level tax policy to improve economic efficiency. Federal action should not preclude fair, simple and transparent sales and use tax incentives.

**No New Regulatory Power** – Broadening of the sales and use tax collection mandates should be narrowly constructed. Any legislation which broadens sales and use tax collection should not otherwise impact nexus of remote sellers.

**Small Business Exception** – Any legislation addressing remote sales and use taxes should provide a reasonable exemption for small businesses.

**Streamlined Sales Tax** – We support the current version of the Streamlined Sales and Use Tax Agreement which attempts to simplify tax policy and minimize the cost of compliance and collection. Utah is among 24 states that have already adopted the Streamlined Sales and Use Tax Agreement. We believe that the Streamlined Sales and Use Tax Agreement should inform federal legislation.