The Use Tax Elimination Act

Summary

The use tax was created as a "counter-part" to the sales tax, and designed to capture tax revenue from sales made outside the state. As a result of the Supreme Court’s decision in Quill, the use tax is unenforceable since out-of-state sellers cannot be forced to collect that tax from in-state buyers. Even when use tax collection lines are placed on individual income tax returns, collections are paltry. The use tax has thus created a “nation of tax cheats.” In the name of simplicity and fairness, the use tax should be abolished.

Model Legislation

(Title, enacting clause, etc.)

Section 1. (Title) This Act may be cited as The Use Tax Elimination Act.

Section 2. (Statement of Purpose) It is the intent of the LEGISLATIVE BODY to eliminate use taxation in the state of (Insert State Name).

Section 3. (Amendment to State Sales and Use Tax Code) §§ [Insert Use Tax Sections from State Code] of the State Code are hereby repealed.

Section 5. (Severability Clause)

Section 6. (Repealer Clause)

Section 7. (Effective Date)

Adopted by the Tax and Fiscal Policy Task Force at the Annual Meeting, August 9, 2002. Approved by the full ALEC Board of Directors September, 2002.

Center for Media and Democracy’s quick summary

This act and those in this multi-state tax category help write rules that make combined reporting harder and make it harder to collect taxes from corporations in general. Like the “Resolution in Opposition to Mandatory Unitary Combined Reporting,” if enacted, the measure would allow a corporation to dodge their tax obligation with one state by reporting it as income in another state.