Resolution Urging Congress to Reject Authorization of the Streamlined Sales Tax Project (SSTP)

Summary

A number of states have enacted authorizing legislation to join the Streamlined Sales Tax Project (SSTP). SSTP is an effort to streamline the sales and use tax base and rate among the states, with a goal to lessening the sales and use tax collection burden of businesses. In addition to streamlining sales and use taxes, SSTP seeks to lobby Congress to overturn the Quill decision, which held that the Commerce Clause of the U.S. Constitution forbids states from forcing out-of-state sellers to collect sales and use tax on its behalf. While the goal of SSTP is laudable, the means chosen violate the constitutional principles of federalism and state sovereignty, and Congress should reject SSTP authorization on these grounds.

Model Legislation

WHEREAS, the advent of the Internet has led to a number of collection issues in state and local sales and use tax collection, and;

WHEREAS, similar collection issues in state and local sales and use tax collection were encountered previously in the area of catalogue sales, and;

WHEREAS, the Supreme Court of the United States correctly held in Quill v. North Dakota, 504 U.S. 298 (1992), that the Commerce Clause of the U.S. Constitution forbids a state or locality from forcing a vendor to collect sales or use tax on its behalf unless the vendor has physical presence in the state, and;

WHEREAS, the Quill decision is equally applicable to Internet sales, and;

WHEREAS, sales and use tax in many states is already applicable to Internet sales, and;

WHEREAS, a vendor should collect sales and use tax on Internet sales in those states where the vendor has physical presence, and;

WHEREAS, current law allows for the taxation of Internet sales where the Constitution allows such taxation, and:

WHEREAS, federalism and state sovereignty are among the many important principles underlying the Constitution of the United States, and;

WHEREAS, the movement known as the Streamlined Sales Tax Project (SSTP) calls upon Congress to overturn the Quill decision and allow states and localities to force
vendors without physical presence to collect sales and use taxes on catalogue, Internet, and other sales, and;

WHEREAS, the SSTP would thus allow many states to improperly impose their tax burden on out-of-state businesses and citizens who do not otherwise pay taxes, enjoy services, or have the ability to influence policy decisions in other states, and;

WHEREAS, the SSTP would force many states to standardize their sales and use tax systems and sanction those states that are found to be non-compliant with the SSTP, and;

WHEREAS, the SSTP would thus dilute the power of state officials to shape and manage tax policy, because pressure would be exerted to conform with the standards adopted by the SSTP governing board;

NOW THEREFORE LET IT BE RESOLVED, that the state of [Insert State] calls upon Congress to reject authorization of the SSTP, on the grounds of protecting the constitutional principles of federalism and state sovereignty, and maintain the Quill decision as the proper constitutional basis for out-of-state vendor collection of sales and use tax on a state’s behalf.