SENATE BILL NO. 2278

AN ACT TO CREATE THE "STREAMLINED SALES TAX SYSTEM FOR THE TWENTY-FIRST CENTURY ACT"; TO REQUIRE THE STATE TAX COMMISSION TO ENTER INTO DISCUSSIONS WITH STATES REGARDING DEVELOPMENT OF A MULTI-STATE, VOLUNTARY, STREAMLINED SYSTEM FOR SALES AND USE TAX COLLECTION AND ADMINISTRATION; TO PROVIDE THAT THESE DISCUSSIONS SHALL FOCUS ON A SYSTEM THAT WOULD HAVE THE CAPABILITY TO DETERMINE WHETHER THE TRANSACTION IS TAXABLE OR TAX EXEMPT, THE APPROPRIATE TAX RATE APPLIED TO THE TRANSACTION, AND THE TOTAL TAX DUE ON THE TRANSACTION AND PROVIDE A METHOD FOR COLLECTING AND REMITTING SALES AND USE TAXES TO THE STATE; TO PROVIDE THAT RETURN INFORMATION SUBMITTED TO ANY PARTY ACTING FOR AND ON BEHALF OF THE STATE OF MISSISSIPPI SHALL BE TREATED AS CONFIDENTIAL TAXPAYER INFORMATION; TO CREATE A LEGISLATIVE OVERSIGHT COMMITTEE; TO REQUIRE THAT THE STATE TAX COMMISSION SHALL REPORT ON THE STATUS OF THE MULTI-STATE DISCUSSIONS BY MARCH 1, 2002; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. This act may be cited as the "Streamlined Sales Tax System for the Twenty-first Century Act."

SECTION 2. The Legislature finds that:

(a) State and local tax systems should treat transactions in a competitively neutral manner.

(b) A simplified sales and use tax system that treats all transactions in a competitively neutral manner will strengthen and preserve the sales and use tax as vital state and local revenue sources and preserve state fiscal sovereignty.

(c) Remote sellers should not receive preferential tax treatment at the expense of local "main street" merchants, nor should such vendors be burdened with special, discriminatory or multiple taxes.

(d) The state should simplify sales and use taxes to reduce the administrative burden of collection.

(e) While states have the sovereign right to set their own tax policies, states working together have the opportunity to
develop a more simple, uniform and fair system of state sales and
use taxation without federal government mandates or interference.

SECTION 3. (1) The State Tax Commission shall enter into
discussions with states regarding development of a multi-state,
voluntary, streamlined system for sales and use tax collection and
administration. These discussions shall focus on a system that
would have the capability to determine whether the transaction is
taxable or tax exempt, the appropriate tax rate applied to the
transaction, and the total tax due on the transaction, and shall
provide a method for collecting and remitting sales and use taxes
to the state. Such system may provide compensation for the costs
of collecting and remitting sales and use taxes. Discussions
between the State Tax Commission and other states may include, but
are not limited to:

(a) The development of a "Joint Request for
Information" from potential public and private parties governing
the specifications for such system;

(b) The mechanism for compensating parties for the
development and operation of such system;

(c) Establishment of minimum statutory simplification
measures necessary for state participation in such system; and

(d) Measures to preserve confidentiality of taxpayer
information and privacy rights of consumers.

(2) Following the discussion provided for in subsection (1)
of this section, the State Tax Commission may proceed to issue a
joint request for information.

SECTION 4. Return information submitted to any party or
parties acting for and on behalf of the state shall be treated as
confidential taxpayer information. Disclosure of confidential
taxpayer information necessary under Section 3 of this act shall
be pursuant to a written agreement between the State Tax
Commission and the party or parties. Such party or parties shall
be bound by the same requirements of confidentiality as the State Tax Commission under Section 27-65-81.

SECTION 5. There is hereby created a Legislative Oversight Committee to consist of the Chairman of the Senate Finance Committee and two (2) members appointed by the Lieutenant Governor, and the Chairman of the Ways and Means Committee of the House of Representatives and two (2) members appointed by the Speaker of the House of Representatives.

The State Tax Commission shall provide testimony and information as requested by the committee. The State Tax Commission shall provide quarterly reports to the Governor, Lieutenant Governor, Speaker of the House and to the members of the Legislative Oversight Committee on the progress of multi-state discussions.

SECTION 6. By March 1, 2002, the State Tax Commission shall report to the Governor, Lieutenant Governor, Speaker of the House of Representatives and to the members of the Legislative Oversight Committee on the status of multi-state discussions and, if a proposed system has been agreed upon by participating states, shall also recommend whether the state should participate in such system.

SECTION 7. This act shall take effect and be in force from and after July 1, 2001.