

## STATEMENT OF PURPOSE

### RS22850

This legislation, the Streamlined Sales Tax Simplification Act, brings together the relevant applicable statutes affecting the collection of Idaho sales and use taxes. The sales/use tax statutes will be modified to qualify Idaho: 1) To be a member state with 24 other states in what is commonly referred to as the "Streamlined Sales and Use Tax Agreement," and; 2) For inclusion under US Senate Bill (S.743) which was passed by the US Senate on May 6, 2013. The US House of Representatives Judiciary Committee chaired by Congressman Goodlatte has scheduled the first hearing on March 4, 2014 to explore the "Basic Principles on Internet Sales Tax." Chairman Goodlatte has issued what he has identified as "Seven Principles for Marketplace Fairness." Participation under either or both of the above require some changes to Idaho State laws and this legislation lays out those required changes. These changes do not create new taxes. However, they establish a Streamline system for vendors to voluntarily collect and remit Sales and Use taxes from remote sales that are due; however, which here to fore, have not been collectable. This bill modifies Title 63 of Idaho Code to align definitions with those of the other member states. It also provides for a simplified sale/use tax electronic reporting and remittance of taxes through the automated clearing house. These simplifications will benefit all Idaho retailers, not just remote sellers to Idaho customers.

### FISCAL NOTE

In Fiscal Year 2015, the Idaho Tax Commission would be authorized to apply for member state status to the Streamlined Sales and Use Tax Governing Board, with payment of \$20,000. In Fiscal Year 2016, there will be an estimated \$250,000 in costs associated with the Tax Commission installation of the software and related expenses to prepare for integration with the Streamlined Sales and Use Tax Governing Board. The first year dues of \$26,000 would also be a cost. These costs should be offset by the estimated Voluntary Remote Seller Tax Collections of \$.5 - 1.5 million dollars. This represents the first six months of receipts beginning January 1, 2016. The first full year of voluntary collections is estimated to be in a range of \$1 to 3 million. If Congress passes the Market Place Fairness Act, estimates of revenue range from \$30 - \$50 million. However, this is still pending a congressional decision.

#### Contact:

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