

1 **Committee:** **COMMUNICATIONS, FINANCIAL SERVICES AND**
2 **INTERSTATE COMMERCE**

3 **BUDGETS AND REVENUE**

4 **EXECUTIVE COMMITTEE TASK FORCE ON**
5 **STATE AND LOCAL TAXATION**

6 **Policy:** **NCSL SUPPORTS PASSAGE OF THE FEDERAL**
7 **DIGITAL GOODS & SERVICES TAX FAIRNESS**
8 **ACT**

9 **Type:** **RESOLUTION**

10

11 **Whereas:** Digital goods and services are online purchases that are downloaded
12 directly by, or services that are provided electronically to, consumers that can transcend
13 numerous state and local boundaries across the United States;

14 **Whereas:** The exponential growth of digital commerce has continued to facilitate the
15 country's economic recovery. In 2012, consumers downloaded over 36 Billion apps and
16 that number is expected to eclipse the 90 Billion mark by the end of 2015. The revenue
17 from digital commerce was approximately \$18 Billion in 2012 and is expected to grow to
18 \$46 Billion by 2016;

19 **Whereas:** State policymakers recognize that the continued deployment of broadband
20 infrastructure and adoption of broadband services is vital to economic growth and
21 participation in the global economy.

22 **Whereas:** Digital goods and services are a major driver of the rapidly growing 21st
23 Century digital economy and as such, fair and rational tax policies are needed that will
24 not impede the continued growth of this segment of the economy;

25 **Whereas:** Due to the complex nature of the way digital commerce is transacted,
26 current state and local tax laws governing the taxation of sales transactions are
27 outdated and ill equipped to address many of the issues that surface in taxing today's
28 "borderless" digital economy;

29 **Whereas:** As state and local governments continue to seek to modernize their tax base
30 to include various forms of digital commerce, doing so without establishing a national
31 framework could potentially subject consumers to multiple states claiming the right to
32 tax the same transaction or subject such transactions to discriminatory taxation at rates
33 higher than the rates imposed on the in-state sales of similar goods or services;

34 **Whereas:** Establishing a national framework would clearly identify which state and local
35 jurisdiction can tax a digital transaction, providing much needed certainty to consumers,
36 providers required to collect such taxes and state and local governments seeking to tax
37 such goods and services in a fair, uniform and rational manner;

38 **Whereas:** Establishing a national framework as set forth in the Digital Goods and
39 Services Tax Fairness Act preserves state sovereignty as the decision to tax digital
40 commerce or not remains solely with the states;

41 **Whereas:** the Mobile Telecommunications Sourcing Act (P.L. 106-252) established
42 uniformity in sourcing mobile telecommunications services for state and local tax
43 purposes using similar concepts to those contained in the Digital Goods and Services
44 Tax Fairness Act;

45 **Whereas:** NCSL has worked with other state and local organizations as well as
46 members of the Download Fairness Coalition to develop the principles contained in the

47 legislation and is poised to assist states as needed in complying with the federal
48 legislation;

49 **Therefore Be It Resolved:** The National Conference of State Legislatures urges
50 Congress to pass the Digital Goods and Services Tax Fairness Act, in conjunction with
51 or after consideration of the Marketplace Fairness Act, to establish a national framework
52 providing certainty and uniformity for state and local governments in the taxation of
53 digital goods and services, while protecting consumers from multiple and discriminatory
54 taxation and supporting the continued growth of the digital economy.