

# FINAL BILL REPORT

## SSJM 8009

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### Synopsis as Enacted

**Brief Description:** Requesting respectfully the adoption of federal legislation granting states remote collection authority for remote sales.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Regala and Nelson).

**Senate Committee on Ways & Means**  
**House Committee on Ways & Means**

**Background:** Washington and 45 other states impose retail sales and use taxes. These taxes are imposed on the retail sale or use of most items of tangible personal property and some services. The rates, definitions, and administrative provisions relating to sales and use taxes vary greatly among the 7500 state and local taxing jurisdictions. This variety is one reason cited in *Quill v. North Dakota*, 112 S.Ct. 1904 (1992), where the United States Supreme Court held that the federal commerce clause prohibits a state from requiring mail-order, and by extension internet, firms to collect sales tax unless they have a physical presence in the state.

An effort was started in early 2000, by the Federation of Tax Administrators, the Multistate Tax Commission, the National Conference of State Legislatures, and the National Governors Association, to simplify and modernize sales and use tax collection and administration nation-wide. The effort is known as the Streamlined Sales Tax Project (SSTP). The purpose of the project was to nation-wide simplify sales tax collection in order to address the issues raised in the *Quill* case.

In the 2002 Legislative Session, the Legislature adopted the Simplified Sales and Use Tax Administration Act, which authorized the Department of Revenue (DOR) to be a voting member in the SSTP. Many other states have also authorized such participation, and representatives have met to develop an agreement to govern the implementation of the SSTP. This agreement, called the Streamlined Sales and Use Tax Agreement (SSUTA), was adopted by 34 states and Washington, D.C. in November 2002.

During the 2003 Legislative Session, the Legislature enacted legislation at the request of the DOR to implement the uniform definitions and administrative provisions of the SSUTA. However, the legislation did not implement several provisions that are necessary for the state to conform fully to the SSUTA, including a provision that would require the state to change its local sales and use tax sourcing rules.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

In 2007 the Legislature adopted the remaining provisions (including changing our sourcing from origin based to destination based) needed to fully conform to the SSUTA which allowed Washington to be a full member state. To date, 24 states are in full compliance with the SSUTA.

This year three pieces of legislation have been introduced at the federal level. The three bills are known as the Main Street fairness act, the Marketplace Fairness Act, and the Marketplace Equity Act.

**Summary:** The memorial asks Washington's congressional delegation to join as cosponsors of the Main Street Fairness Act, the Marketplace Fairness Act, and the Marketplace Equity Act, and to support one of the act's passage. It also asks President Obama to sign the legislation into law, upon passage by congress.

**Votes on Final Passage:**

First Special Session

Senate 32 12

Second Special Session

Senate 41 6

House 59 36