

WHEREAS, The State should simplify sales and use taxes to reduce the administrative burden of collection; and

WHEREAS, 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; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That:

(a) The Comptroller shall enter into discussions with other states regarding development of a multistate, 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 a 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. The system may provide compensation for the costs of collecting and remitting sales and use taxes.

(b) The discussions between the Comptroller and other states may include:

(1) the development of a "Joint Request for Information" from potential public and private parties governing the specifications for a streamlined sales and use tax collection and administration system;

(2) the mechanism for compensating parties for the development and operation of the system;

(3) establishment of minimum statutory simplification measures necessary for state participation in the system; and

(4) measures to preserve confidentiality of taxpayer information and privacy rights of consumers.

(c) Following the discussions, the Comptroller may proceed to issue a Joint Request for Information.

(d) The Comptroller may participate in a sales and use tax pilot project with other states and selected businesses to test means for simplifying sales and use tax administration and may enter into joint agreements for that purpose.

(e) (1) Agreements to participate in the test shall establish provisions for the administration, imposition, and collection of sales and use taxes resulting in revenues paid that are the same as would be paid under Title 11 of the Tax - General Article.

(2) Parties to the agreements are excused from complying with the provisions of Title 11 of the Tax - General Article to the extent a different procedure is required by the agreements, except for confidentiality of taxpayer information.

(3) Agreements authorized under this section shall terminate no later than December 31, 2001.