

1 SJR106
2 129025-1
3 By Senator Keahey
4 RFD: Rules
5 First Read: 27-APR-11

URGING CONGRESS TO ENACT A BILL TO REQUIRE ONLINE
BUSINESSES TO COLLECT SALES TAX AT THE TIME AND PLACE OF SALE
AND REMIT THE TAXES TO THE STATES WHERE THE PURCHASED
MERCHANDISE IS SHIPPED.

WHEREAS, Alabama is one of 45 states, plus the
District of Columbia, that levies a sales tax; and

WHEREAS, sales tax revenue is a vital part of the
state's annual budget; and

WHEREAS, Alabama's sales tax, while levied on the
consumer, must be collected by vendors; and

WHEREAS, Internet and other remote vendors are
currently not required to collect sales tax and remit it to
the state; and

WHEREAS, Alabama residents have a legal obligation
to pay a use tax equivalent to the sales tax on Internet and
other out-of-state purchases; and

WHEREAS, collection of the use tax is very
difficult, and there has never been a successful way of
collecting the tax owed to the state; and

1 WHEREAS, simplification of the sales tax system so
2 that remote vendors could collect and remit a sales tax to the
3 state would relieve Alabama consumers of the burden of
4 registering and filing returns and remittances for the use tax
5 on out-of-state purchases; and

6 WHEREAS, sales made via the Internet and catalogues
7 on which no Alabama sales or use tax is collected
8 significantly reduce overall sales tax revenue; and

9 WHEREAS, a study by The University of Tennessee
10 estimates that Alabama lost \$604,300,000 in untaxed remote
11 sales in 2006 and projected the revenue loss to grow to
12 \$734,400,000 in 2011; and

13 WHEREAS, the growth in Internet sales is far
14 outpacing the sales growth at traditional "brick and mortar"
15 businesses that employ Alabama residents, pay taxes, and
16 otherwise contribute to the local economies in which they
17 operate; and

18 WHEREAS, the growing losses in sales tax revenue to
19 the state and local governments place at risk many vital
20 services, including education, public safety, transportation,
21 and others, and will force affected governments to seek
22 revenue from increased property taxes or other sources; and

23 WHEREAS, untaxed sales made via catalogue or the
24 Internet put Alabama-based businesses that must collect sales
25 tax at a competitive disadvantage; now therefore,

26 BE IT RESOLVED BY THE LEGISLATURE OF ALABAMA, BOTH
27 HOUSES THEREOF CONCURRING, That Congress is respectively

1 requested to enact a bill to require online businesses to
2 collect sales tax at the time and place of sale and remit the
3 taxes to the states where the purchased merchandise is
4 shipped.

5 BE IT FURTHER RESOLVED, That a copy of this
6 resolution be provided to each member of the Alabama
7 Congressional Delegation.