

RESOLUTION 2014 -008

(A) Resolution Title/Subject

Market Place Fairness Act and the Collection and Payment of Local Sales Tax Owed

(B) We, the members of the Utah League of Cities and Towns, find:

1. Whereas, the local option sales tax is an important funding source for local Utah cities and towns. Indeed, for many cities and towns, it is the primary source of revenue; and
2. Whereas, the amount of internet (or remote) purchases over the past few years has increased dramatically; and
3. Whereas, current law requires local merchants with a physical presence in the State (“brick and mortar merchants”) to collect and remit sales tax, but does not require internet (or remote) sellers without a physical presence in the State (“internet merchants”) to do so; and
4. Whereas, although State law requires individuals who make internet purchases to report the amount of such purchases and to remit the amount of sales tax owed in their annual income tax return, few do so, and there is no effective mechanism for enforcement of nonpayment or collection of the sales tax owed; and
5. Whereas, brick and mortar merchants have complained that this disparity in the collection of sales tax creates an unfair advantage for internet merchants who do not have to charge, collect or remit sales tax; and
6. Whereas, local governments have also complained that this disparity in the collection of sales tax has reduced the amount of sales tax paid, and has made it increasingly difficult to provide essential local services to their citizens; and
7. Whereas, in recognition of this difficulty in the collection of the sales tax owed, the United States Congress is currently considering the passage of the Market Place Fairness Act, which would require internet merchants to collect and remit sales tax in the same manner as currently required by brick and mortar merchants; and
8. Whereas, requiring internet merchants to collect and remit sales tax would not create a new tax obligation, and would not create a new source of revenue to local government, but would merely provide a more effective mechanism for collecting the amount of sales tax that is already owed but is seldom paid; and
9. Whereas, notwithstanding that fact, in the 2013 legislative session, the Utah State Legislature passed SB 58, which created a “Remote Sales Restricted Account,” consisting of sales tax funds which would be collected from internet merchants if Congress passes the Market Place Fairness Act. That bill also provides that any sales tax collected from internet merchants should be held in that restricted account and “may be used to lower local sales and use tax rates as the Legislature may provide by statute.”

Now, therefore, we the membership of the Utah League of Cities & Towns recommend that:

1. We support passage of the Federal Market Place Fairness Act, and we encourage the members of our Utah Congressional delegation to support that bill.
2. We request and support legislation to amend or repeal SB 58 (2013) to the extent that it attempts to restrict or hold any amount of local sales tax collected.
3. We strongly oppose any attempt to restrict or hold any amount of sales tax owed to local government, and oppose any attempt to lower the current local sales tax rate.
4. We request that League staff take such action as may be necessary or appropriate to implement the positions identified in this resolution.

____Holladay City_____
City(s), Town(s), and/or Affiliate Group submitting this resolution

____Council Member Lynn Pace_____
Person preparing form