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Missouri Should Enact the Streamlined Sales Tax

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Increasing Internet Purchasing Requires States to Reconsider How State Sales Tax is Assessed in a Global Marketplace

- A recent report from the Center for Business & Economic Research at the University of Tennessee estimates that Missouri will lose between approximately \$159.4 million in state and local government sales tax revenue in 2010 due to Internet and catalog purchasing. The amount is projected to increase to \$210 million by 2012.¹
- The increasing trend toward Internet purchasing is expected to result in further erosion of sales tax collections throughout the nation. Because sales taxes are a major contributor to state and local government revenues, the trend should concern state policy makers.
- A recent eMarketer forecast predicts growth of Internet sales in the U.S. to exceed 10% through 2013.²

Streamlined Sales Tax Compliance Would Modernize Missouri's Existing Sales Tax Law to Keep Pace with the new Economy, and Level the Playing Field for Missouri Businesses

- By January of 2010, 23 states had enacted the "Streamlined Sales Tax Compliance" legislation including Missouri's neighbors of Kansas, Iowa, Nebraska, Oklahoma and Tennessee.³
- The compliance legislation was developed by the Streamlined Sales Tax Project which included 44 partner states in its development. The final legislative model both simplifies and modernizes state sales tax collections of Internet and catalog purchases.⁴
- The streamlined sales tax compliance legislation would protect Missouri's state and local revenue from further loss *and* modernize a critical component of Missouri's tax structure for the new economy.
- In addition, the compliance legislation would "level the playing field" for Missouri's local businesses that currently assess the sales tax, and allow them to effectively compete with Internet retailers.

¹University of Tennessee, "State and Local Government Sales Tax revenue Losses from Electronic Commerce", Donald Bruce, William Fox and LeAnn Luna, April 13, 2009, <http://cber.bus.utk.edu/ecom/ecom0409.pdf>

² As cited by the Streamlined Sales Tax Governing Board, Inc., February 28, 2010

³ As cited by the Streamlined Sales Tax Governing Board, Inc., February 28, 2010

⁴ National Conference of State Legislators