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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 \$270 and \$370 million in state and local government revenue due to Internet and Catalog purchasing in 2008.<sup>1</sup>
- The increasing trend toward Internet purchasing is expected to result in further erosion of sales tax collections throughout the nation. Since sales taxes are a major contributor to state and local government revenues, the trend should concern state policy makers.

### **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 2008, 22 states had enacted the "Streamlined Sales Tax Compliance" legislation including Kansas, Iowa, Nebraska and Oklahoma.<sup>2</sup>
- 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.<sup>3</sup>
- 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 products.

*The Mission of the Missouri Budget Project is to advance public policies that improve economic opportunities for all Missourians, particularly low and middle income families, by providing reliable and objective research, analysis and advocacy. Contact the MBP through our website at [www.mobudget.org](http://www.mobudget.org)*

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<sup>1</sup>University of Tennessee Fox Report on E Commerce Loss to States, <http://www.nga.org/cda/files/0407ecommerce.PDF>

<sup>2</sup>National Conference of State Legislatures.

<sup>3</sup>*Ibid.*