Overview

Authorizes the commissioner of revenue to enter into agreements with other states to develop a simplified sales and use tax collection system. The bill also authorizes the state to participate in any temporary pilot project to test the proposed system. The multi-state tax commission (MTC) is working with a number of states to develop a "no burden" sales tax collection system in response to the inability of the states to require e-commerce and mail order to collect sales taxes because of nexus requirements under the Quill decision.

Section 1 Development of sales and use tax collection system.

Subdivision 1. Authorization to enter into multistate discussions. Allows the commissioner to enter into discussions regarding developing a multistate, streamlined system for collecting sales taxes. The system under discussion may involve providing for compensation for the costs of collecting and remitting the tax. If the discussions result in the states issuing a joint request for information from public and private parties, the department is required to publish the request in the State Register.

Subd. 2. Limited test authorization. Allows the state to enter into a joint agreement to participate in a temporary pilot project of any proposed system. Requires that any agreement result in no change from current law in the amount of revenues paid by the taxpayer. Grants participants in the pilot project an exemption from the provisions of chapters 289A (Tax Administration and Compliance) and 297A (General Sales and Use Tax) as necessary under the agreement. Any agreements must terminate by December 31, 2001.

Subd. 3. Disclosure. Requires that any agreements entered into under this section must comply with the provisions of chapter 270B (Tax Data; Classification and Disclosure).

Subd. 4. Report on project. Requires the commissioner to submit a report to the chairs of the house and senate tax committees by March 1, 2002, describing the status of the discussions, the
proposed system if any, and a recommendation on state participation in the proposed system.

2 **Effective date.** Effective the day after final enactment.