

NEWS RELEASE
FROM THE OFFICE OF REPRESENTATIVE EDWIN E. WILLIS (D., LA.)
(For further information, call CA.4-3121, Ext. 4075)

FOR IMMEDIATE RELEASE
April 17, 1962

Sales and Use Tax Hearings Announced

Representative Edwin E. Willis (D., La.) has announced that hearings will be held in Washington in June on the problems of state and local sales and use taxes as they relate to interstate commerce. The hearings will be conducted by the House Judiciary Committee's Special Subcommittee on State Taxation of Interstate Commerce, of which Congressman Willis is Chairman. The hearings have been scheduled to begin on Thursday, June 14, at 10:00 a.m.

Congressman Willis said that the hearings are designed to produce factual information in order to assist the Subcommittee in evaluating whether there is a need for federal action.

The special eleven-member Subcommittee is acting under a Congressional mandate to study all matters relating to state taxation of interstate commerce. Extensive hearings were held in December on state income taxation of mercantile and manufacturing corporations. Staff study of this problem is continuing.

The work in which the Subcommittee is engaged represents the first comprehensive Congressional study of this subject. The members of the Subcommittee, in addition to Mr. Willis, are Byron G. Rogers (D., Colo.), Basil L. Whitener (D., N.C.), Robert W. Kastenmeier (D., Wisc.), M. Blaine Peterson (D., Utah), Jacob H. Gilbert (D., N.Y.), Arch A. Moore, Jr. (R., W. Va.), William E. Miller (R., N.Y.), William T. Cahill (R., N.J.), John H. Ray (R., N.Y.), and Clark MacGregor (R., Minn.).

A copy of the Notice of Hearings is attached.

April 17, 1962

NOTICE OF HEARINGS

Special Subcommittee on State Taxation of Interstate Commerce
Committee on the Judiciary
House of Representatives

THE SPECIAL SUBCOMMITTEE ON STATE TAXATION OF INTERSTATE COMMERCE ANNOUNCES THAT PUBLIC HEARINGS WILL BE HELD IN WASHINGTON, D. C., COMMENCING JUNE 14, 1962. TESTIMONY WILL BE HEARD ON STATE AND LOCAL SALES AND USE TAXATION AS IT RELATES TO INTERSTATE COMMERCIAL ACTIVITY. PERSONS DESIRING TO TESTIFY ARE REQUESTED TO SUBMIT THEIR NAMES BY MAY 16, 1962, TO MURRAY DRABKIN, CHIEF COUNSEL, SPECIAL SUBCOMMITTEE ON STATE TAXATION OF INTERSTATE COMMERCE, 401 GEORGE WASHINGTON INN, HOUSE OF REPRESENTATIVES, WASHINGTON 25, D. C.

The hearings are being held to assist the Subcommittee in gathering the data necessary for carrying out its obligation to report and make legislative recommendations to the Congress. They will afford both taxpayers and tax administrators an opportunity to inform the Subcommittee of the problems which confront them with respect to sales and use taxes as they apply to interstate commerce.

The Subcommittee wishes to obtain as much reliable, concrete data as possible. With a view to focusing on the areas in which the Subcommittee is particularly interested, it is suggested that testimony, documented by particularized, factual information, be built around the subjects listed in Groups I and II below.

Group I contains subjects which are primarily within the competence of business, while Group II contains subjects primarily within the competence of taxing authorities. While these groups provide an indication of the issues which are of particular concern to the Subcommittee, there is no requirement that witnesses confine their testimony to one Group or to the subjects listed.

The Subcommittee wishes to emphasize that it is not committed to recommending any Federal legislation. It is studying the need for legislation as well as possible solutions to any problems which may be found.

Group I

1. What are the particular items of expense to business, other than the taxes themselves, which result from the necessity of complying with state and local sales and use tax laws as they apply to interstate sales? Witnesses are invited to discuss the operating procedures used for determining whether particular sales are taxable or exempt, and the kinds of records required to support this classification for audit purposes. Attention should be given to both (1) those expenses which a business bears as a seller in fulfilling its collection and reporting duties, and (2) those expenses which it bears as a purchaser in remitting use taxes either to sellers or directly to taxing jurisdictions.
2. To what extent do breakage, commissions, and discounts compensate for the compliance expenses of sellers required to collect sales or use taxes?
3. To what extent are goods exposed to state or local sales or use taxes in more than one state, with a resulting tax burden which is greater than that borne by goods which do not move interstate? Witnesses testifying about such situations are requested to discuss them in detail and to refer to the particular tax laws involved.
4. How much does the competitive position of in-state businesses depend upon effective enforcement of the use tax imposed on purchases from out of state?

5. Have states and localities significantly expanded their efforts to reach out-of-state sellers during the last two years?

6. Do local sales and use taxes present problems which are different from those presented by state sales and use taxes?

Group II

1. Approximately what amount of your sales and use tax revenues represents taxes collected from purchases in your state by vendors maintaining no place of business within the state? Approximately how much of this amount represents tax on sales made by the out-of-state vendors to purchasers who are registered under your sales or use tax law?

2. What are the barriers, if any, to effective enforcement of the collection requirement against out-of-state sellers? Is the effectiveness of enforcement related to the type of business involved? Can enforcement be made more effective without incurring unjustifiable enforcement costs and without imposing undue compliance burdens on interstate businesses?

3. What are the barriers to enforcing use-tax liability directly against in-state purchasers? Witnesses are urged to distinguish in their testimony between business and non-business purchasers.

4. Approximately how great is the volume of taxable sales into your state on which neither sales nor use tax is collected? Do certain types or classes of sales escape taxation more frequently than others?

5. Do local sales and use taxes present problems which are different from those presented by state sales and use taxes?

6. Since the Supreme Court's decision in Scripto, Inc. v. Carson, has your state changed its laws or regulations to require collection of the use tax by sellers who would not have been required to collect the tax prior to that decision? Has the state made any significant changes in its enforcement program as a result of the Scripto decision?