

City Of Wathena

RESOLUTION

"Making Commerce Fair"

2000-01

WHEREAS, the use, of new electronic technologies, including the Internet, as a way to conduct sales of goods and services is accelerating; and

WHEREAS, out-of-state sales of goods conducted via the Internet, mail order and phone, under many circumstances, are not subject to existing sales and use taxes imposed by the states and local governments in which the purchaser of such goods resides; and

WHEREAS, the inequity in price experienced by not requiring the collection of taxes on the sale of such goods, creates a competitive disadvantage and unequal treatment between merchants who sell from brick and mortar establishments and those who sell from electronic stores; and

WHEREAS, this migration of sales and the resulting erosion of tax revenues will restrict the ability of local governments, schools, and states to collect taxes which finance essential public services including but not limited to police, fire, emergency medical service, and education; and

WHEREAS, out-of-state sales have an adverse impact on local infrastructure and on the continued survival of retail businesses in our cities; and

WHEREAS, municipal governments have long expressed concern about the loss of municipal revenue due to out-of-state sales (originally via mail order); and

WHEREAS, these out-of-state sales are freely made as a voluntary business decision to expand or establish business electronically or from remote locations; and

WHEREAS, 99 % of the goods and services purchased over the Internet are bought using electronic money transfers, as exemplified by the use of credit cards, which pre-establishes the ability to identify and collect taxes in non-discriminatory and efficient ways; and

WHEREAS, the primary barrier to creating a non-discriminatory collection requirement is the Supreme Court's judgment that only Congress should determine a collection requirement that would not unduly burden interstate commerce; and

WHEREAS, the National League of Cities, in partnership with the six national organizations representing state and local governments, has adopted a joint statement of principles for making electronic commerce fair which calls for:

1. Equal treatment of all sales transactions whether that transaction is done in person, on the telephone, by mail, or on the Internet;
2. A federal law authorizing state and local governments to require out-of-state sales to be subject to the collection and remittance of sales and use taxes;
3. Protection from federal preemption of state and local authority to determine their own tax policies;
4. Cooperative efforts to simplify state and local sales and use tax systems and the compliance burdens those systems place! on out-of-state sales; and

WHEREAS, the federal government has created the Advisory Commission on Electronic Commerce to examine these issues;

NOW, THEREFORE, BE IT RESOLVED that the City of Wathena, Kansas, urges the Advisory Commission on Electronic Commerce to recommend that Congress enact and the President sign legislation authorizing state and local governments to establish and collect legally due sales and use taxes on goods and services sold, through any transaction medium, regardless of the actual purchaser's state, and requires states to distribute tax revenues to cities or other units of local government pursuant to precedent and applicable state law.

BE IT FURTHER RESOLVED that the City of Wathena, Kansas, encourages the Kansas Congressional Delegation to act to protect state and local taxing authority over all remote sales including goods sold via the Internet, mail order, and phone.

Passed this 15 day of February, 2000 by the Governing Body of the City of Wathena, Kansas.



City Clerk

(seal)



Mayor