



DELBERT HOSEMANN
Secretary of State

2013 Business Law Reform Study Groups
Meeting Minutes of the Revenue Fairness Study Group Planning Session #2
June 27, 2013

Drew Snyder, Assistant Secretary of State, opened the meeting at 401 Mississippi Street at 11:00 A.M. In attendance were Secretary of State Delbert Hosemann, Crowell Armstrong, Serena Clark, Jimmy Cockroft, David Culpepper (via telephone), Tonya Flesher, Steve Gray, Mark Hosemann (via telephone), Randy Ladner, J. Larry Lee, Allen McBroom (via telephone), Quincy Mukoro (via telephone), Dr. Bob Neal, James Pettis, James Scheiner, Mary Kathryn Allen and David Stevens (representing John Scott), Forest Thigpen, Nick Tremonte, Dr. Darrin Webb, Shad White, Blake Wilson, Andy Almand, Joe Henschman (via telephone), Christopher Rants (via telephone), Drew Snyder, Justin Fitch and Preston Goff.

Comments by Joe Henschman, Tax Foundation

Joe Henschman advised the group that the best way to move forward is looking at what other states are doing, what has and has not worked for other states and what Mississippi needs to do in preparation. There are three main approaches other states have taken: (1) Streamlined Sales Tax Project, herein known as “S.S.T.P.,” (2) “Amazon Law,” a uniform but not simple agreement between Amazon and the state to pay the state a sales tax based on its relationships with in-state residents and (3) Marketplace Fairness Act, herein known as “M.F.A.,” currently being debated in Congress that will allow states to mandate that remote sellers collect tax at the point of sales.

There are provisions required for S.S.T.P. including one sales tax entity in the state, one joint sales tax return, the same sales tax base, and ninety-day notice of all changes, and free software.

Comments by Christopher Rants, former Iowa Speaker of the House

Christopher Rants proposed focusing on establishing a stable sales tax. The next step is deciding how Mississippi wants in-state businesses to be taxed by out-of-state customers. He stressed simplification, uniformity and little to no cost for in-state businesses to comply.

In order to discover how Mississippi can come into compliance with the M.F.A. or the S.S.T.P., more information can be obtained from the governing board. The M.F.A. will allow more independence—Mississippi will be able to keep more of existing laws. There is software that will take this into account.

The other option is Streamlined Sales Tax Project. Adopting streamlined will take legislative changes. The greatest challenge with legislation will be deciding Mississippi’s definitions for goods.

Henschman stressed the importance for Mississippi to ensure not just the state of Mississippi complies, but that online Mississippi retailers can comply with other states. Online retailers will surely sell to out of state

customers and need to charge them tax. Right now, it is tough to measure what is not being collected because of the uncertainty in data. However, once this information is gathered, you can determine which areas will receive sales tax reductions.

Discussion of State-Driven Responses to Collect Taxes on Purchases from Remote Sellers

Forest Thigpen, President of Mississippi Center for Public Policy (MCPPE), reminded everyone that nothing has to be set in stone during the beginning stages. The product presented to legislature can be labeled one way right now and changed later. He suggested presenting the Revenue Fairness Act as a rebate or lower tax rate as a temporary solution.

James Pettis, from the Wyatt Tarrant & Combs LLP/Tax Section, Mississippi Bar Association, stated the fairest way to adjust a tax rate is to adjust the tax on groceries. Everyone will be affected equally by this change. The only problem with this would be if Streamlined were considered. With Streamlined, there is a single tax rate.

Mayor Chip Johnson, President of the Municipal League, proposed getting rid of tax exemptions in order to make the Streamlined integration easier.

Closing

Based on today's discussion, the Group will begin trying to ascertain a reliable estimate of annual sales tax revenue losses from e-commerce.

Snyder ended by thanking the group for their time and encouraged everyone to let the Policy and Research Division answer questions for them whenever possible.

The meeting ended at 12:30 P.M.