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National Conference of State Legislators Supports Passage of the Federal Digital Goods & Services Tax Fairness Act (Resolution) (Joint with Communications, Financial Services and Interstate Commerce)

WHEREAS, digital goods and services are online purchases that are downloaded directly by, or services that are provided electronically to, consumers that regularly transcend numerous state and local boundaries across the United States; and

WHEREAS, the exponential growth of digital commerce has demonstrated the importance of digital products to the American economy; and

WHEREAS, state policymakers recognize that the continued deployment of broadband infrastructure and adoption of broadband services is vital to economic growth and participation in the global economy; and

WHEREAS, digital goods and services are a major driver of the rapidly growing 21st Century digital economy and as such, fair and rational tax policies are needed that will not impede the continued growth of this segment of the economy; and

WHEREAS, as state and local governments continue to seek to modernize their tax base to include various forms of digital commerce, doing so without establishing a national framework could potentially subject consumers to multiple states claiming the right to tax the same transaction or subject such transactions to discriminatory taxation at rates higher than the rates imposed on the in-state sales of similar goods or services; and

WHEREAS, establishing a national framework would clearly identify which state and local jurisdiction can tax a digital transaction, which providers are required to collect taxes, and allow state and local governments seeking to tax such goods and services to do so in a fair, uniform and rational manner; and

WHEREAS, the U.S. Supreme Court ruled in South Dakota v. Wayfair that businesses need not be physically present in a state before their sales can be taxed, granting states the ability to collect taxes from out-of-state retailers, and providing an opportunity for state tax modernization; and

WHEREAS, establishing a national framework as set forth in the Digital Goods and Services Tax Fairness Act as introduced in the 114th Congress preserves state
sovereignty as the decision to tax digital commerce or not remains solely with the states; and

WHEREAS, the Mobile Telecommunications Sourcing Act (P.L. 106-252) established uniformity in sourcing mobile telecommunications services for state and local tax purposes using similar concepts to those contained in the Digital Goods and Services Tax Fairness Act as introduced in the 114th-116th Congress; and

WHEREAS, NCSL—the National Conference of State Legislatures for nearly two decades has championed the efforts in Congress and in the states and has worked with other state and local organizations as well as members of the Download Fairness Coalition to develop the principles contained in the legislation and is poised to assist states as needed in complying with the federal legislation; and

NOW, THEREFORE, BE IT RESOLVED, that the National Conference of State Legislatures urges Congress to introduce and pass legislation that provides a framework for the taxation of digital goods and services consistent with NCSL principles to establish a national framework providing certainty and uniformity for state and local governments in the taxation of digital goods and services, while protecting consumers from multiple and discriminatory taxation and supporting the continued growth of the digital economy.
WHEREAS, advance refunding of tax-exempt municipal bonds can be a financial tool that saves state and local governments billions of dollars by allowing them to provide more comprehensive savings at lower costs to taxpayers; and
WHEREAS, the refunding of tax-exempt municipal bonds is a mechanism by which states and localities finance infrastructure projects, utilities, education, and other general purpose bonds; and
WHEREAS, a refunding occurs when the proceeds from one bond are used to pay off another bond, typically at a lower interest rate; and
WHEREAS, the Investing in our Communities Act as introduced in the 116th Congress restores the ability for states to advance refund their tax-exempt municipal bonds, which was eliminated by the Tax Cuts and Job Act of 2017; and
NOW, THEREFORE, BE IT RESOLVED that the National Conference of State Legislatures urges Congress to pass legislation that restores the ability of states to finance public infrastructure that is cost-effective and consistent with NCSL principles of preserving fiscal viability and tax reform.