

AN ACT

RELATING TO TAXATION; DIRECTING THE TAXATION AND REVENUE DEPARTMENT TO ENTER INTO DISCUSSIONS WITH THE VARIOUS STATES REGARDING DEVELOPMENT OF A MULTISTATE, VOLUNTARY, STREAMLINED SYSTEM FOR SALES AND USE TAX COLLECTION AND ADMINISTRATION; REQUIRING REPORTS AND RECOMMENDATIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Taxation and Revenue Department Act is enacted to read:

"MULTISTATE DISCUSSION--DEVELOPMENT OF STREAMLINED SALES TAX SYSTEM--REPORTS--OVERSIGHT.--

A. Pursuant to a proposal by the national conference of state legislatures executive committee task force on state and local taxation of telecommunications and electronic commerce and the national governor's association, the department shall enter into discussions with the various states regarding development of a multistate, voluntary, streamlined system for sales and use tax collection and administration as provided in Subsection B of this section.

B. The discussions shall focus on a system that would have the capability to determine whether a transaction is taxable or tax exempt, the appropriate tax rate applied to the transaction and the total tax due on the transaction and shall provide a method for collecting and remitting

sales and use taxes to the state. The system may provide compensation for the costs of collecting and remitting sales and use taxes. Discussions between the department and other states may include:

(1) the development of a "joint request for information" from potential and private parties governing the specifications for such a system;

(2) the mechanism for compensating parties for the development and operation of such a system;

(3) the establishment of minimum statutory simplification measures necessary for state participation in such a system; and

(4) measures to preserve confidentiality of taxpayer information and privacy rights of consumers.

C. The secretary or his designee shall bring to this discussion with other states all of the concerns and issues regarding New Mexico's gross receipts and compensating tax to determine how those taxes would be affected by such a system and whether or how they could be integrated into the system.

D. Unless specifically authorized by the legislature, the department shall not participate in a sales tax pilot project with other states and selected businesses to test means for simplifying sales and use tax administration. However, if, after consultation with the

interim revenue stabilization and tax policy committee, the secretary believes it is in the best interests of the state to join other states in issuing a "joint request for information" regarding development of specifications for such a system, the secretary may do so.

E. The secretary shall report regularly to the interim revenue stabilization and tax policy committee and provide testimony and information as requested by the committee on the multistate discussions authorized in this section. The secretary shall also submit a written report to the governor and to the legislature by December 15 prior to each session of the forty-fifth legislature on the status of multistate discussions and, if a proposed system has been agreed upon by participating states, shall also recommend whether the state should participate in such a system."

Section 2. DELAYED REPEAL.--Section 1 of this act is repealed effective January 1, 2002. \_\_\_\_\_