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Fred Nicely
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January 18, 2018

Maryland Senate Budget & Taxation Committee
11 Bladen St.
Annapolis, MD 21401

Sent Via E-mail

Re: COST Supports S.B. 81 Use of Streamlined Sales Tax Compliant Definition

Dear Chair Kasemeyer, Vice-Chair Madaleno, and Members of the Senate Budget & Taxation Committee:

While the Council On State Taxation (COST) does not take a position on whether states should exempt feminine hygiene products from sales/use taxation, I am writing to express support of the language in S.B. 81 because such an exemption, if enacted into law, would adhere to the Streamlined Sales and Use Tax Agreement's ("SSUTA") definition. As states seek greater authority to collect sales/use taxes from remote sellers, the states' use of uniform definitions facilitates that endeavor.

About COST

COST is a nonprofit trade association consisting of approximately 600 multistate corporations engaged in interstate and international business. COST's objective is to preserve and promote equitable and nondiscriminatory state and local taxation of multijurisdictional business entities. Many of COST's retail members conduct a significant amount of business in Maryland and the state's use of a uniform SSUTA definition is helpful.

Simplification of Sales and Use Tax Administration

The COST Board of Directors has adopted a formal policy statement on the Simplification of the Sales, Use, or Similar Transaction Tax Systems.¹ The following is one element from that policy:

Uniform Tax Base Definitions – A uniform set of simple definitions ... tailored to avoid imposition provisions that unnecessarily and inappropriately expand or contract the tax base.

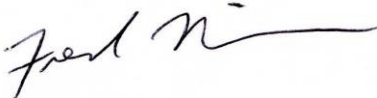
¹ COST's Policy Statements are available at: <http://www.cost.org/Page.aspx?id=3140>.

COST understands S.B. 81 was not written to address Maryland's compliance with an SSUTA definition; however, the use of a compliant definition for feminine hygiene products would assist the State in becoming a member of the SSUTA in the future. Additionally, COST strongly supports this Committee, and the entire Maryland General Assembly, revisiting the State becoming a member of the SSUTA. Currently, there are twenty-three states committed to sales tax simplification as full members of the SSUTA—and, COST hopes Maryland will also join in that effort.

Conclusion

COST understands the states with sales taxes are pushing for enhanced remote sales tax collection authority, and Maryland using a uniform definition would assist with that effort. COST also hopes Maryland will further explore becoming a full member state of the SSUTA.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred Nicely", with a long horizontal flourish extending to the right.

Fred Nicely

cc: COST Board of Directors
Douglas L. Lindholm, COST President & Executive Director