

1 State of Arkansas
2 82nd General Assembly
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SR 3

4
5 By: Senator Canada
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8 **SENATE RESOLUTION**

9 "ENCOURAGING CONGRESS TO WORK WITH THE FEDERAL
10 ADVISORY COMMISSION ON ELECTRONIC COMMERCE TO STUDY
11 THE EFFECT OF INTERNET AND MAIL ORDER SALES ON
12 IN-STATE BUSINESSES IN COMPETITION WITH INTERNET AND
13 MAIL ORDER SELLERS."

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15 **Subtitle**

16 "ENCOURAGING CONGRESS TO WORK WITH THE
17 FEDERAL ADVISORY COMMISSION ON
18 ELECTRONIC COMMERCE TO STUDY THE EFFECT
19 OF INTERNET AND MAIL ORDER SALES ON IN-
20 STATE BUSINESSES IN COMPETITION WITH
21 INTERNET AND MAIL ORDER SELLERS."

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24 WHEREAS, the federal Internet Tax Freedom Act and decisions of the
25 United States Supreme Court prohibit states from imposing taxes on all
26 Internet transactions, including the sale of goods, if the seller has no other
27 contacts with the state; and

28 WHEREAS, retailers within a state who compete with an Internet seller
29 are at a disadvantage in that the in-state retailer is required to collect
30 state and local sales tax; and,

31 WHEREAS, mail order sellers are also in direct competition with in-state
32 sellers; and,

33 WHEREAS, mail order sellers who have no physical connection with a state
34 are not required to collect sales tax while in-state sellers must; and,

35 WHEREAS, as a consequence, an in-state retailer cannot effectively
36 compete with an Internet or mail order seller; and,

1 WHEREAS, the inability of an in-state retailer to effectively compete
2 affects not only the profits of the retailer but also affects the local
3 economy as well as state revenues; and,

4 WHEREAS, Internet sales are projected to increase dramatically over the
5 next few years; and,

6 WHEREAS, as Internet sales and mail order sales increase, the sales and
7 use tax base of Arkansas will shrink resulting in a decrease in state and
8 local sales and use tax revenues; and

9 WHEREAS, because of the restraints placed on states by the Commerce
10 Clause of the U. S. Constitution, only Congress may enact federal laws which
11 permit states to impose and collect taxes on Internet and mail order sellers;
12 and,

13 WHEREAS, the Internet Tax Freedom Act established a 19 member Advisory
14 Commission on Electronic Commerce that is directed to study various aspects of
15 the taxation of electronic commerce as well as other intrastate, interstate
16 and international sales activities; and,

17 WHEREAS, Congress should encourage the Commission to study the effects
18 of both Internet and mail order sales on in-state competitors; and,

19 WHEREAS, the Commission should be encouraged to recommend to Congress
20 the adoption of federal legislation similar to the Main Street Fairness
21 legislation previously sponsored by former Senator Bumpers; and,

22 WHEREAS, Congress should be encouraged to adopt legislation which would
23 place in-state sellers on equal tax footing with out-of-state mail order and
24 Internet sellers; and,

25 WHEREAS, the time for Congress to take corrective action is now, before
26 Arkansas and other states are irreparably harmed;

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28 NOW THEREFORE,

29 BE IT RESOLVED BY THE SENATE OF THE EIGHTY-SECOND GENERAL ASSEMBLY OF THE
30 STATE OF ARKANSAS:

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32 That the Senate encourages Congress to work with the Advisory Commission
33 on Electronic Commerce to study the effects of Internet and mail order sales
34 on local retailers and to develop legislation which will eliminate the
35 competitive advantage created by federal law and enjoyed by Internet and mail
36 order sellers over merchants located within the State of Arkansas.