

**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION**

RESOLUTION

MOTION: _____

**RESOLUTION NO. 09-02-_____
OFFICIAL COMMISSION MEETING
FEBRUARY 11, 2009**

SECOND: _____

RE: SENATE BILL 1532 (SB 1532)

WHEREAS, Senator Saslaw is the patron of a bill that would change the point of motor fuel tax collection from retailers to distributors, and change the tax rate from 2% to 2.1% (SB 1532); and

WHEREAS, SB 1532 has been approved by Senate, setting the stage for consideration by the House of Delegates after cross-over; and

WHEREAS, SB 1532 has the laudable aim of simplifying tax collection by significantly reducing the number of payers while maintaining revenue neutrality; and

WHEREAS, a tax rate of 2.1% does not appear to be high enough to achieve revenue neutrality because research on "distributor to retailer" mark-up experiences elsewhere indicates that the mark-up is greater than the 4% assumed by the Office of Legislative Services (OLS) for its fiscal impact statement, thereby overstating the revenue yield if this change in collection practice is enacted; and

WHEREAS, it is in the Potomac and Rappahannock Transportation Commission's (PRTC) interest to seek Senator Saslaw's support for amendments to SB 1532 so the point of collection can be changed as proposed without causing an adverse effect on revenue yield, before SB 1532 is taken up by the House committee to which it is referred; and

WHEREAS, a letter to Senator Saslaw has been prepared that: applauds the intent of the bill; expresses the Commission's concerns about the unintended risk of reduced revenue yield if the bill as now drafted enacted; and urges amendments to the bill as necessary to insure its revenue neutrality.

ITEM 12-B.4

(15 PAGES)

NOW, THEREFORE, BE IT RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby authorize its Chairman to sign and send the letter to Senator Saslaw.

BE IT FURTHER RESOLVED that the Commission hereby authorizes its Executive Director to work with the Commission's member government legislative liaisons and Senator Saslaw to amend SB 1532 as necessary.




Potomac and Rappahannock
Transportation Commission

14700 Potomac Mills Road
Woodbridge, VA 22192

February 11, 2009

TO: Chairman May and Commissioners

FROM: Alfred H. Harf 
Executive Director

RE: Senate Bill 1532 (SB 1532)

Recommendation:

Authorize the transmittal of a letter to State Senator Saslaw regarding the subject bill, and also authorize the Executive Director to work with PRTC's member jurisdictions' legislative liaisons and Senator Saslaw in an effort to amend SB 1532 in response to concerns described in this staff report.

Background:

SB 1532 (bill patron is Senator Saslaw) would alter the current collection practice for the motor fuels tax levied in all of PRTC's and NVTC's jurisdictions (i.e., tax levied at the pump and paid by the retailer to Taxation) so the tax is paid instead by the distributor. The bill would also increase the tax rate from 2% to 2.1%, and the legislative impact statement prepared by the Office of Legislative Services (OLS) asserts that the rate change would result in an increased tax yield. OLS's assertion is premised on an assumed mark-up of only 4% by the retailer, and there is real reason to believe that this assumption understates how much of a mark-up retailers are currently making, as described in a memorandum prepared by NVTC Executive Director Richard Taube (attachment one). Evidence of mark-up rates elsewhere as described in Mr. Taube's memo suggest that the changes contemplated by this bill will lower motor fuel tax yields, not increase them as OLS asserts, which is naturally a source of concern.

The issue was discussed at NVTC's February 5th meeting in Richmond, and the NVTC Board directed Mr. Taube to work with Senator Saslaw on refinements to the bill that would insure at least revenue neutrality (meaning a rate higher than 2.1%). Other issues raised in Mr. Taube's memo would also be the subject of refinement efforts, including: (1) additional reporting requirements to insure that distributors' tax payments are assigned to the appropriate NVTC or PRTC member jurisdiction; and (2) verification that Taxation's Audit staff is equipped to oversee proper collections, inasmuch as many distributors are located out-of-state (NVTC and PRTC bear the cost of Taxation's audit work).

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Chairman May and Commissioners
February 11, 2009
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In my opinion, the course of action NVTC is pursuing is sound, and so I propose that PRTC adopt the same course of action. I should add that SB 1532 was approved by the Senate by a substantial margin, so it is now poised for consideration by the House after cross-over. While NVTC had hoped to prevail on Senator Saslaw to amend SB 1532 before the full Senate vote, that was not to be. Nonetheless, a meeting with Senator Saslaw was being sought by jurisdictional legislative liaisons as this staff report was in preparation, in an effort to persuade the Senator that amendments are necessary and negotiate the language of those amendments. To lend PRTC's support to this effort, a letter to Senator Saslaw has been drafted (attachment two) expressing these same sentiments on behalf of PRTC, so it can be sent to him in a timely fashion.

Fiscal Impact:

Not applicable.

Attachments: As stated

NVTC

Northern Virginia Transportation Commission

NVTC

TO: Chairman Zimmerman and NVTC Commissioners

FROM: Rick Taube *Rick Taube*

DATE: February 6, 2009

SUBJECT: SB 1532--Changes to NVTC/PRTC Motor Fuels Tax

Action

At a joint meeting in Richmond on February 5, 2009, the Northern Virginia Transportation Commission and the Northern Virginia Transportation Authority considered the information below and each unanimously adopted the following motion:

NVTC (and NVTA) directs staff to work with the patron to refine SB 1532 to guarantee at least as much revenue under the new approach proposed in the bill for collecting a motor fuel sales tax in the NVTC and PRTC districts (i.e. 2.1% assessed on sales of fuel by distributors) as would occur under the current approach (2.0% assessed on sales of fuel by retailers). To accomplish this, at a minimum the new tax rate applied to distributors should be higher than 2.1%.

Because NVTC receives and holds in trust at least \$41.5 million of 2% gas tax revenue annually for its six member jurisdictions and PRTC receives \$21.2 million annually for its five jurisdictions (as of FY 2008), any threat to these essential revenue sources, especially in the current financial crisis, is taken very seriously. For the first six months of FY 2009, combined gas tax collections for the two commissions have already reached \$38.8 million.

Background

Senator Saslaw has introduced SB 1532, which would eliminate NVTC's and PRTC's current 2.0% motor fuels tax applied at the retail pump and replace it with a new 2.1% tax on sales of motor fuels by distributors. According to auditors from the Virginia Department of Taxation, there are approximately 500 retail tax payers representing 1500 gas stations within the NVTC and PRTC districts. There are only about 12 distributors providing 95% of the sales and another dozen smaller distributors providing the remaining 5%. About half of the distributors are located out of state.



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Tax simplification is a worthwhile goal but it should not be achieved at the expense of reduced gas tax revenues to support transit. As explained below, NVTC staff has serious concerns that the yield of the new tax will not match the yield of the current approach. Staff understands that the patron believes improved compliance will result in increased yields even if the tax rate is not increased.

The fiscal impact statement attached to the bill predicts a net gain in tax revenue, but as explained below this depends crucially on the assumption of a very modest 4% retail markup over the distributor's price. It seems likely that this assumption is too low based on published sources. If the actual markup is higher on average, NVTC and PRTC will lose revenue.

Also, NVTC and PRTC allocate fuel tax collections to their member jurisdictions based on point of sale. It is unclear exactly how the new approach could result in accurate allocations by jurisdiction; this may require extensive new paperwork and audit requirements applied to distributors.

Thus, NVTC staff recommended and NVTC and NVTA concurred that staff should work with the patron to refine this bill to guarantee at least as much revenue under the new approach as would occur under the current approach. To accomplish this revenue neutrality, at a minimum the new tax rate applied to distributors should be higher than 2.1%.

Retail Markup

The fiscal impact statement for SB 1532 acknowledges that retail markups vary "with many factors from business to business" but cites a University of Wisconsin study that the average retail markup over the distributors' price was approximately 4%. NVTC staff is unable to locate the study but did learn that the minimum retail markup permitted in Wisconsin by statute is 6% over the wholesale rate.

The Association for Convenience and Petroleum Retailing, headquartered in Alexandria, reports that the nationwide average breakeven retail markup in 2007 was 12 to 13 cents per gallon and the average actual markup was 13.8 cents. With a price of gas of \$2.83 per gallon (the all-grades average from the U.S. Energy Information Administration) that represents about a 4.9% retail markup. In 2006, the average retail markup was 5.8% (the lowest since 1983 according to this source).

Another study conducted for the Washington State Attorney General reports the average retail markup in Washington State for 2007 was 26.4 cents per gallon plus the cost of transporting the gas from the wholesaler to the retailer, up from 11.7 cents per gallon in 2003. The retail markup would be greater than 9.3% in this example.

These widely varying estimates illustrate the risks of placing too much reliance on the 4% assumption in SB 1532's fiscal impact statement.

Applying the assumed 4% factor, revenue gains were calculated in the fiscal impact statement as follows:

FY 2010 = \$0.2 million (half fiscal year)
FY 2011 = \$0.4 million
FY 2012 = \$0.4 million
FY 2013 = \$0.5 million
FY 2014 = \$0.5 million

If NVTC and PRTC combined gas tax revenues in FY 2010 were assumed to be \$50 million at a tax rate of 2.0%, then total retail sales revenue would be \$2500 million. If 4% of that total is retail markup, the distributors' sales total would be \$2400 million. A 2.1% tax on that total would be \$50.4 million. Thus, the new method would yield \$400,000 annually more than the current method.

These calculations depend crucially on the assumed retail markup. The Department of Taxation's auditor reports listings from business brokers for retail gas stations in Fairfax County with posted margins at 15 cents, 17 cents and higher per gallon. With the retail price of regular grade gasoline currently approaching \$2.00 per gallon, a margin of 15 cents per gallon is equivalent to a distributor price of \$1.85 and a percentage markup of 8%, which is double the percentage assumed in the fiscal impact statement.

Using the same methodology, if the markup is 8%, the FY 2010 revenue loss to NVTC and PRTC would be \$1.7 million. In order for the change to be revenue neutral, the distributor tax rate would have to be 2.175% in this example, not 2.100%.

Compliance

The Department of Taxation employs two auditors and an assistant who are responsible for ensuring compliance. NVTC staff also examines monthly data carefully for unusual patterns and follows up with the auditors.

The auditors examine the retailers returns, patrol the districts to identify new retailers to ensure proper registration, conduct unannounced site visits, coordinate with local governments by checking business license files, match sample distributor delivery reports to retail sales reports, follow up tips on non-compliance received from retailers and others, and conduct several full audits each year. These techniques do identify some non-compliance which varies from year-to year. Despite their best efforts, it is likely that some retailers do not report properly, but the extent is unknown. As recently

as June, 2007, senior officials of the Department of Taxation have assured NVTC and PRTC that enforcement coverage for their motor fuels tax is much greater than for any other taxes collected by the department. Also, their NVTC/PRTC gas tax audits turn up less non-compliance than is true of audits of the department's other taxes.

Conceptually, it would seem to be easier to monitor compliance for a few distributors than hundreds of retailers, everything else being equal. Also, with increasing bankruptcies at undercapitalized retailers, some will leave unpaid taxes (although distributors may be no better capitalized). On the other hand, many of the distributors are headquartered out of state and this may pose a greater auditing challenge.

Additional Considerations

Four additional areas of concern were investigated by NVTC staff:

1. Both NVTC and PRTC allocate all of the 2% gas tax proceeds to the jurisdictions in which the taxes are paid at the retail level. Sometimes retailers do not accurately report their jurisdictions (especially large filers with stations in multiple locations). Staff and auditors monitor trends carefully and investigate when anomalies become apparent. While distributors now must report retail deliveries, existing requirements do not provide enough detail to allow accurate allocation of tax revenues among jurisdictions. Also, it is unclear whether the Department of Taxation and its auditors have the capability to process these forms effectively, even if they are modified to require new information regarding point of sale.
2. Currently retailers can retain 2% to 4% from their tax payments for administrative costs. NVTC staff estimates that about 80-90% of retail taxpayers fall into the 2% category. The bill would retain a discount but make it a uniform 2% for distributors. This change should not produce much (if any) change in net revenue.
3. Because state and federal motor fuel taxes are collected "at the rack" (from terminals) the distributors price includes those taxes and they are passed on to retailers. Consequently, this should not be a source of potential revenue loss.
4. There is concern that the bill ultimately could be passed with amendments that set the tax rate at the current 2.0% and thereby introduce an obvious loss of tax proceeds to the commissions for any retail markup greater than zero. Using the same assumptions as the fiscal impact statement, the annual loss would be \$2.0 million.

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history | hilite | pdf

SENATE BILL NO. 1532

Offered January 23, 2009

A BILL to amend and reenact §§ 58.1-1719, 58.1-1720 and 58.1-1722 of the Code of Virginia, to amend the Code of Virginia by adding in Article 4 of Chapter 17 of Title 58.1 a section numbered 58.1-1718.1, and to repeal §§ 58.1-1721 and 58.1-1723 of the Code of Virginia, relating to the tax on sales of fuels in the Northern Virginia Transportation District and the Potomac and Rappahannock Transportation District.

Patron-- Saslaw
-----Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-1719, 58.1-1720 and 58.1-1722 of the Code of Virginia are amended and reenacted, and that the Code of Virginia is amended by adding in Article 4 of Chapter 17 of Title 58.1 a section numbered 58.1-1718.1 as follows:

§ 58.1-1718.1. *Definitions.*

"Distributor" means (i) any person engaged in the business of selling fuels in the Commonwealth who brings, or causes to be brought, into the Commonwealth from outside the Commonwealth any fuels for sale; (ii) any person who makes, manufactures, fabricates, processes, or stores fuels in the Commonwealth for sale in the Commonwealth; or (iii) any person engaged in the business of selling fuels outside the Commonwealth who ships or transports fuels to any person in the business of selling fuels in the Commonwealth.

"Fuel" means any fuel subject to tax under Chapter 22 (§ 58.1-2200 et seq.) of this title.

"Person" means any individual, corporation, partnership, association, company, business, trust, joint venture, or other legal entity.

"Retail dealer" means any person who sells fuels to a consumer or to any person for any purpose other than resale.

§ 58.1-1719. *Rules and regulations.*

The Tax Commissioner shall promulgate rules and regulations for the registration of ~~dealers~~ *distributors and dealers* and the procedures for filing returns for the payment of the tax imposed pursuant to this article. ~~Such regulations shall include provisions for a bracket system, designed so that the tax will appear on the fuel pump as a part of the total cost of a unit of fuel, whether the unit is a gallon or other measure. The bracket system shall state the tax per unit measure in tenths of a cent, and shall be in increments of no more than 2 1/2¢.~~

§ 58.1-1720. *Tax on fuel sold in certain transportation districts.*

~~A. There is hereby levied, in addition to all other taxes imposed on fuels subject to tax under Chapter 22 (§ 58.1-2200 et seq.) of this title~~ *In addition to all other taxes now imposed by law, there is hereby imposed a license or privilege tax upon every distributor who engages in the business of selling fuels at wholesale to retail dealers located in every (i) any county or city which that is a member of any transportation district in which a rapid heavy rail commuter mass transportation system operating on an exclusive right-of-way and a bus commuter mass transportation system are owned, operated or controlled, by an agency or a commission as defined in § 15.2-4502, or in (ii) any county or city that is a member of any transportation district which that is subject to § 15.2-4515 C and which that is contiguous to the Northern Virginia Transportation District, a sales tax of two percent of the retail price of such fuels sold within such county or city. As used in this section "retail sale" means a sale to a consumer or to any person for any purpose other than resale.*

The tax shall be imposed at a rate of 2.1 percent of the sales price charged by a distributor for fuels sold to a retail dealer located in any such county or city described in clause (i) or (ii). Such tax shall be imposed at the time of the sale by the distributor to the retail dealer. The tax imposed by this article shall be paid by the distributor, but the distributor shall separately state the amount of the tax and such tax to the sales price or charge. Thereafter, such tax shall be a debt from the retail dealer until paid and shall be recoverable at law in the same manner as other debts.

~~B. The tax imposed under this section shall be subject to the provisions of the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.), except that the exemption provided for motor vehicle fuels under § 58.1-609.13, and the bracket system provided in such act, shall not be applicable.~~

~~C. The tax imposed under this section shall be effective on the first day of the first month that is at least 60 days after the certification by the Secretary of the Commonwealth required under §§ 15.2-4504 and 15.2-4529.~~

B. Every distributor collecting the tax imposed under this article shall file a monthly return no later than the twentieth of each month on a form prescribed by the Department, covering the sale of fuels by such distributor during the preceding month, for which tax is imposed pursuant to subsection A.

For purposes of compensating a distributor for accounting for and remitting the tax levied by this article, such distributor shall be allowed to deduct two percent of the tax otherwise due in submitting his return and paying the amount due by him if the amount was not delinquent at the time of payment.

§ 58.1-1722. Exclusion from professional license tax.

The amount of the tax imposed by this article and collected by a ~~dealer~~ distributor in any taxable year shall be excluded from gross receipts for purposes of any tax imposed under Chapter 37 (§ 58.1-3700 et seq.) of this title.

2. That §§ 58.1-1721 and 58.1-1723 of the Code of Virginia are repealed effective January 1, 2010.

3. That the provisions of this act shall become effective on January 1, 2010.

Legislative Information System

**DEPARTMENT OF TAXATION
2009 Fiscal Impact Statement**

- | | |
|---|--|
| <p>1. Patron Richard L. Saslaw</p> <p>3. Committee Senate Finance</p> <p>4. Title Motor Vehicle Fuel Sales Tax; Imposition on Distributors</p> | <p>2. Bill Number <u>SB 1532</u></p> <p>House of Origin:
 <input checked="" type="checkbox"/> Introduced
 <input type="checkbox"/> Substitute
 <input type="checkbox"/> Engrossed</p> <p>Second House:
 <input type="checkbox"/> In Committee
 <input type="checkbox"/> Substitute
 <input type="checkbox"/> Enrolled</p> |
|---|--|

5. Summary/Purpose:

This bill would repeal the current Motor Vehicle Fuel Sales Tax imposed in the Northern Virginia Transportation District and the Potomac and Rappahannock Transportation District and would impose a new license tax on distributors engaged in the business of selling fuels at wholesale to retail dealers located in the Northern Virginia Transportation District and the Potomac and Rappahannock Transportation District. The new license tax would be imposed at a rate of 2.1 percent of the sales price charged by the distributor for motor fuels and remitted monthly to TAX. Distributors would be allowed a dealer discount of 2 percent of the tax collected as compensation for accounting for and remitting the tax.

Under current law, a 2% Motor Vehicle Fuel Sales Tax tax is levied in the localities that comprise the Potomac and Rappahannock Transportation District and the Northern Virginia Transportation District. The revenue from the tax is distributed monthly to the appropriate district and is used for transportation needs within the district.

The effective date of this bill is January 1, 2010.

6. Fiscal Impact Estimates are: Preliminary. (See Line 8.)

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2008-09	\$0	NGF
2009-10	\$0.2	NGF
2010-11	\$0.4	NGF
2011-12	\$0.4	NGF
2012-13	\$0.5	NGF
2013-14	\$0.5	NGF

7. Budget amendment necessary: Yes.

Item(s): Page 1, Revenue Estimates

8. Fiscal implications:

Administrative Costs

While the number of distributors of motor fuels in the Potomac and Rappahannock Transportation District and the Northern Virginia Transportation District is unknown, TAX will work with the Department of Motor Vehicles ("DMV") to identify and notify the affected dealers. TAX estimates that the cost and effort of doing this will be minimal.

TAX has not assigned any administrative costs to this bill because the changes required by a single bill such as this can be implemented as part of the annual changes to our systems and forms. As stand-alone legislation, TAX considers implementation of this bill as "routine," and does not require additional funding.

TAX will provide specific administrative costs on any legislation that is not "routine." Additionally, TAX will review all state tax legislation likely to be enacted prior to the passage by each house. If the aggregate number of routine bills likely to pass either house is unusually large, it is possible that additional resources will be required. If so, TAX will identify the costs at that time.

Revenue Impact

This bill would impose a license tax on distributors of motor fuels in the Potomac and Rappahannock Transportation District and the Northern Virginia Transportation District at the rate of 2.1 percent of the sales price charged by the distributor for motor fuels instead of the current Motor Vehicle Fuel Sales Tax at the rate of 2 percent of the retail sales price of the motor fuels. The price markup from a distributor's sales price to the retail sales price varies with many factors and from business to business. A University of Wisconsin study found that the average price markup on retail gasoline sales was approximately 4%. If a 4% markup is assumed, passage of this bill would result in an estimated revenue gain of \$0.2 million in Fiscal Year 2010, \$0.4 million in Fiscal Year 2011, \$0.4 million in Fiscal Year 2012, \$0.5 million in Fiscal Year 2013, and \$0.5 million in Fiscal Year 2014 to the Potomac and Rappahannock Transportation District and the Northern Virginia Transportation District.

9. Specific agency or political subdivisions affected:

Department of Taxation
Northern Virginia Transportation District
Potomac and Rappahannock Transportation District

10. Technical amendment necessary: No.

11. Other comments:

Background

Under current law, a 2% Motor Vehicle Fuel Sales Tax is levied in the localities that comprise the Potomac and Rappahannock Transportation District and the Northern

Virginia Transportation District. The revenue from the tax is distributed monthly to the appropriate district and is used for transportation needs within the district. As the tax is subject to the provisions of the Virginia Retail Sales and Use Tax Act, dealers are also allowed a discount of either 4%, 3%, or 2%, depending on monthly taxable sales, of the Motor Vehicle Fuel Sales Tax collected.

Proposal

This bill would repeal the current Motor Vehicle Fuel Sales Tax imposed in the Northern Virginia Transportation District and the Potomac and Rappahannock Transportation District and would impose a new license tax on distributors engaged in the business of selling fuels at wholesale to retail dealers located in the Northern Virginia Transportation District and the Potomac and Rappahannock Transportation District. The new license tax would be imposed at a rate of 2.1 percent of the sales price charged by the distributor for motor fuels and remitted monthly to TAX. Distributors would be allowed a dealer discount of 2 percent of the tax collected as compensation for accounting for and remitting the tax.

Under current law, a 2% Motor Vehicle Fuel Sales Tax is levied in the localities that comprise the Potomac and Rappahannock Transportation District and the Northern Virginia Transportation District. The introduced Executive Budget assumes the repeal of the current dealer discount allowed to motor fuels dealers. The revenue from the tax is distributed monthly to the appropriate district and is used for transportation needs within the district.

The effective date of this bill is January 1, 2010.

cc : Secretary of Finance

Date: 1/29/2009 AM
DLAS File Name: SB1532F161

ATTACHMENT 2

Dear Senator Saslaw:

On behalf of the Potomac and Rappahannock Transportation Commission (“the Commission”), I am writing about a bill you sponsored to alter the point of collection of the motor fuels tax and the tax rate in an effort to maintain revenue neutrality (Senate Bill 1532). As you know, the subject bill bears directly on the Commission’s financial interests, since the motor fuels tax is levied on all retail sales of fuel in its member jurisdictions and is the principal funding source for transit service sponsorship by its member jurisdictions.

SB 1532 has a laudable aim in the Commission’s view – simplifying tax collection – since we know first-hand how cumbersome current collection practices can be. Collection from retailers means a multitude of tax payers, with attendant challenges of seeing to it that all taxes due are paid and properly recorded. Those challenges require vigorous enforcement, and to that end the Commission and the Northern Virginia Transportation Commission (NVTC) rely on the Commonwealth’s Department of Taxation to perform necessary auditing and back office collection/recording at both commissions’ expense. The Commission also appreciates the fact that you recognize how important it is to insure that a change in the point of collection as proposed by SB 1532 is done in a way that does not diminish the revenue yield, which is why you have incorporated a rate change in SB 1532 as well.

If the Commission felt confident that the bill as drafted would accomplish the laudable aim of simplifying tax collection while at least retaining current revenue yields, we would be urging its passage as drafted, but we don’t have that confidence. As you know, the Office of Legislative Services (OLS) has produced a revenue impact statement that envisions a modest revenue increase, but this estimate is premised on an assumption about the mark-up between the distributor and the retailer that we believe is understated (see the enclosed research summary prepared by NVTC staff). OLS’s assumption is that this markup amounts to 4%, which appears based on reported experiences elsewhere to be too low. As you know, a higher mark-up between the distributor and the retailer than the 4% assumed by OLS means a lower revenue yield from the tax rate as proposed, which neither you nor the Commission want.

Accordingly, the Commission proposes to work with you and NVTC in an effort to amend SB 1532 so it achieves its aims while at least maintaining the current revenue yield, and gives Taxation the authority to alter what gets reported to insure that collections are properly recorded by jurisdiction. Different recording challenges arise when the collection point is changed to distributors, since many distributors are not within state and are not as well acquainted with the state’s political geography as the retailers.

Thank you for your initiative on this tax law change and your anticipated favorable response to this request.

Sincerely,

Michael C. May
Chairman

Enclosure: As stated