

1 HB355
2 127567-1
3 By Representative Hill
4 RFD: Commerce and Small Business
5 First Read: 29-MAR-11

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8 SYNOPSIS: Under current law, several states have
9 entered into a multi-state agreement to simplify
10 the collection of sales taxes but there is
11 currently no process or procedure in place for
12 Alabama to come into compliance with the agreement.

13 This bill would establish the Alabama
14 Streamlined Sales and Use Tax Commission to
15 develop, implement, and administer the programs
16 necessary to come into compliance with the
17 Streamlined Sales and Use Tax Agreement in the
18 event that Alabama becomes a participating member
19 of the agreement. This bill would also provide for
20 the commission to serve as the single entity
21 administrator for the collection of sales and use
22 tax in the event that Alabama becomes a
23 participating member of the agreement.

24 This bill would also require the commission
25 to research Alabama's existing tax laws to identify
26 what changes in existing law will be necessary in
27 order to bring Alabama in compliance with the

1 agreement in the event that federal legislation
2 adopting the agreement becomes law and to report
3 those findings to the Legislature by the third
4 legislative day of the first regular session
5 following the enactment of federal legislation
6 implementing the agreement.

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8 A BILL
9 TO BE ENTITLED
10 AN ACT

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12 To establish the Alabama Streamlined Sales and Use
13 Tax Commission to develop, implement, and administer the
14 programs necessary to come into compliance with the
15 Streamlined Sales and Use Tax Agreement in the event that
16 Alabama becomes a participating member of the agreement; to
17 provide for the commission to serve as the single entity
18 administrator for the collection of sales and use tax in the
19 event that Alabama becomes a participating member of the
20 agreement; and to require the commission to research Alabama's
21 existing tax laws to identify what changes in existing law
22 will be necessary in order to bring Alabama in compliance with
23 the agreement in the event that federal legislation adopting
24 the agreement becomes law.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

26 Section 1. For purposes of this act, the following
27 words or phrases shall have the following meanings:

1 (1) AGREEMENT. The Streamlined Sales and Use Tax
2 Agreement.

3 (2) COMMISSION. The Alabama Streamlined Sales and
4 Use Tax Commission created in this act to develop, implement,
5 and administer programs necessary to come into compliance with
6 the provisions of the Streamlined Sales and Use Tax Agreement
7 and to serve as the single entity administrator in the event
8 that Alabama becomes a participating member of the agreement.

9 (3) COMMISSIONER. The Commissioner of the Department
10 of Revenue.

11 (4) DEPARTMENT. The Department of Revenue.

12 (5) SINGLE ENTITY ADMINISTRATION. A program
13 administered by the Alabama Streamlined Sales and Use Tax
14 Commission to provide state-level administration of state and
15 local jurisdiction sales and use tax in compliance with the
16 provisions of the Streamlined Sales and Use Tax Agreement.

17 (6) SINGLE ENTITY ADMINISTRATOR. The Alabama
18 Streamlined Sales and Use Tax Commission.

19 (7) STREAMLINED SALES AND USE TAX AGREEMENT. The
20 multi-state agreement by that name or any subsequent name the
21 purpose of which is to simplify and modernize sales and use
22 tax administration in member states in order to reduce the
23 burden of tax compliance, as in effect from time to time.

24 Section 2. There is hereby established the Alabama
25 Streamlined Sales and Use Tax Commission, created to identify,
26 develop, implement, and administer the procedures and programs
27 the State of Alabama would need to come into compliance with

1 the Streamlined Sales and Use Tax Agreement in the event that
2 federal legislation implementing the agreement or the general
3 concepts of the agreement, which includes a requirement that
4 remote sellers collect and remit sales and use taxes to member
5 states, becomes law. The commission shall also serve as the
6 single entity administrator in the event Alabama becomes a
7 participating member of the agreement.

8 (b) The commission shall be composed of eight
9 members, appointed as follows:

10 (1) Two representatives of municipal government, who
11 shall be municipal employees or officials, appointed by the
12 Alabama League of Municipalities.

13 (2) Two representatives of county government, who
14 shall be county employees or officials, appointed by the
15 Association of County Commissions of Alabama.

16 (3) Two employees of the Department of Revenue
17 appointed by the Commissioner of the Department of Revenue.

18 (4) One representative of the retail community,
19 appointed by the Alabama Retail Association.

20 (5) One representative of the business community,
21 appointed by the Business Council of Alabama.

22 (c) All appointments to the commission shall be made
23 within 60 days of the effective date of this act, and each
24 member of the commission shall serve at the pleasure of his or
25 her appointing authority. Commission members shall receive no
26 additional compensation for service on the commission, but
27 shall be reimbursed by the State of Alabama for expenses in

1 accordance with state law and travel policy regarding
2 reimbursement for state employees' travel related to their
3 official work duties. The department shall provide
4 administrative support necessary for the commission to carry
5 out its duties.

6 (d) The commission, in all respects, shall be
7 subject to the Alabama Open Meetings Act, Title 36, Chapter
8 25A, Code of Alabama 1975. The organizational meeting of the
9 commission shall take place no later than 90 days following
10 the effective date of this act. The commissioner of the
11 department or his or her designee shall call the
12 organizational meeting and serve as chair until the election
13 of a chair as provided in this act. At the organizational
14 meeting, the commission shall elect a chair and vice chair,
15 who shall serve at the pleasure of the commission. The vice
16 chair shall serve as acting chair whenever the chair is unable
17 to preside at a meeting of the commission. A quorum for all
18 meetings of the commission shall consist of six members. If a
19 quorum is not present at the beginning of any meeting, the
20 members present shall have the authority to establish an
21 alternate meeting date. A minimum of six affirmative votes of
22 the members of the commission shall be required for approval
23 of any matter considered by the commission.

24 (e) The membership of the commission shall be
25 inclusive and reflect the racial, gender, geographic,
26 urban/rural, and economic diversity of the state. The
27 commission shall annually report to the Legislature by the

1 second legislative day of each regular session the extent to
2 which the commission has complied with the diversity
3 provisions provided for in this act.

4 Section 3. The duties of the commission shall
5 include identification, development, implementation, and
6 administration of each of the following as necessary for
7 compliance with the Streamlined Sales and Use Tax Agreement:

8 (1) The development and administration of a system
9 for single entity administration of state and local tax
10 collection and distribution.

11 (2) The development and administration of a system
12 designed to provide proper notice of changes in state or local
13 sales and use taxes or rates to taxpayers and the single
14 entity administrator.

15 (3) The development and administration of a system
16 designed to provide proper implementation of changes in state
17 or local sales and use taxes or rates.

18 (4) The development and administration of a system
19 providing for taxpayer audits by persons or entities other
20 than the single entity administrator as authorized by the
21 agreement.

22 (5) The development and administration of a database
23 of all state and local sales and use tax rates.

24 (6) Any other systems, programs, or policies the
25 commission determines are required for compliance with the
26 agreement.

1 Section 4. (a) The commission shall make a
2 preliminary written report of its intended implementation plan
3 regarding necessary systems and programs within three months
4 of the initial meeting of the commission. The preliminary
5 report approved by the commission shall be distributed for
6 comment to the department, all Alabama counties and
7 municipalities, the Business Council of Alabama, and the
8 Alabama Retail Association. The report shall also be posted on
9 the website of the Department of Revenue at all times during
10 the comment period with information about how persons or
11 entities can provide comment to the commission. Any comments
12 from persons, entities, and organizations shall be submitted
13 in writing to the commission within 45 days of the date
14 distributed and posted. The commission shall review all
15 written comments and make changes to its preliminary report as
16 it deems appropriate.

17 (b) The commission shall make and file with the
18 Legislature a final written report of the implementation and
19 administrative supervision of needed systems, programs, and
20 procedures necessary to bring the state into compliance with
21 the agreement no later than the fifth legislative day of the
22 2012 Regular Session of the Legislature. The report shall
23 include proposed plans and estimated costs for implementation
24 of the systems identified and developed pursuant to Section 3.

25 (c) Unless altered or amended by further act of the
26 Legislature, the implementation and administrative plans of
27 the commission reported to the Legislature shall be

1 implemented and administered without further legislative
2 action only in the event that federal legislation adopting the
3 Streamline Sales and Use Tax Agreement or the general concepts
4 of the agreement which include a requirement that remote
5 sellers collect and remit sales and use taxes to member
6 states, becomes law.

7 Section 5. In addition to the duties set out in
8 Section 3, the commission shall research Alabama's existing
9 tax laws to identify what changes in existing law will be
10 necessary in order to bring Alabama in compliance with the
11 agreement in the event that federal legislation adopting the
12 agreement becomes law. The commissioner of the department, or
13 his or her designee, shall assist the commission as necessary
14 in carrying out this function, and once the commission's
15 research is completed, shall assist the commission in drafting
16 legislation proposing the changes it identifies as necessary
17 to bring the state into compliance with the agreement.

18 (b) The commission shall make preliminary
19 recommendations regarding necessary changes in Alabama's
20 existing tax laws within six months of filing the written
21 report required in subsection (b) of Section 3. The
22 preliminary recommendations approved by the commission shall
23 be distributed for comment to the department, the Association
24 of County Commissions of Alabama, the Alabama League of
25 Municipalities, the Business Council of Alabama, and the
26 Alabama Retail Association. The report shall also be posted on
27 the website of the department at all times during the comment

1 period with information about how persons or entities can
2 provide comment to the commission. Any comments from persons,
3 entities, and organizations shall be submitted in writing to
4 the commission within 45 days of the date distributed and
5 posted. The commission shall review all written comments and
6 make changes to its preliminary recommendations as it deems
7 appropriate and shall submit a written report of its final
8 recommendations to the Legislature by the third legislative
9 day of the first regular session following the enactment of
10 federal legislation implementing the agreement or the general
11 concepts of the agreement, which includes a requirement that
12 remote sellers collect and remit sales and use taxes to member
13 states, becomes law.

14 Section 6. The Legislature shall appropriate such
15 funds from the general funds of the State of Alabama as
16 necessary for the reasonable and necessary expenses of the
17 commission, including the implementation and administration of
18 programs developed pursuant to this act.

19 Section 7. This act shall become effective
20 immediately following its passage and approval by the
21 Governor, or its otherwise becoming law.