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It was an honor and pleasure to serve on the Advisory Commission on Electronic Commerce. I am appreciative of the time, intellect and energy that each Commissioner devoted to this effort. Although my views were not in the majority, I believe we helped frame the issue and honestly represented the interests of the public we serve.

My personal view of the Internet is that human beings have finally created a way to amass our collective knowledge and make that knowledge available to anyone, anywhere, anytime. I do not espouse the position that the Internet is a vast new resource to be tapped for tax dollars. The Internet is an amazing tool for sharing information and ideas. In less than a decade, the Internet has changed the way we communicate and interact within our relationships, be they familial, employee-employer, citizen-government, or consumer-industry. I believe that as we continue to develop the Internet, it has the potential to improve our standard of living, and should be allowed to flourish.

On the flip side, we should not establish policies that cause the Internet to be used as a tool that profits large corporations at the expense of the public welfare. That is precisely what the Final Report proposes. State and local government revenues will be impacted by the losses that stem from the proposed corporate tax breaks, but ultimately it is the small business and individual taxpayer that will suffer the results.

Small Main Street retailers are severely handicapped by the absence of a level playing field vis-à-vis e-tailers. Under the Final Report proposals, local bricks and mortar establishments are required to collect and remit sales taxes while their on-line counterparts can avoid doing so. In effect, this margin of cost is a huge subsidy to on-line retailers which traditional retailers cannot access.

Individual taxpayers will be responsible for taking up the slack for the billions of dollars in proposed corporate tax breaks. In addition to a shift in the tax burden from industry to individual, these same taxpayers will be receiving less in the way of public services because state and local government revenues that pay for education, public safety, and local infrastructure will diminish.

Certainly the sales and use tax system has not kept pace with technological advances in the way consumers purchase goods and services. State and local leaders are aware that the system must undergo a complete overhaul to make the collection system simple, equitable and fair. In fact, the minority position on the Commission was centered in addressing the outdated nature of the system. The majority agrees with this

position, but with one completely unacceptable caveat. State and local governments are to be crippled during the system overhaul by a prohibition on the exercise of state sovereignty and local autonomy to determine tax rates and bases.

It is with much regret that I cannot support transmission to Congress of the Final Report in its current form. While a majority position has been established, the document in no way represents a consensus of the Commission. Neither does it represent the viewpoint of 4/5ths of the governors and the vast majority of local leaders in the United States. In the end, Congress has the discretion to take the final report into account when legislating on the issue of eCommerce related taxation. But most assuredly, small business groups, along with state and locally elected officials, will be there every step of the way and will not be silenced.

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