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In the months since the Advisory Commission on Electronic Commerce's initial meeting, much has been accomplished. While some may feel the Commission fell short of meeting its congressional mandate, there was progress. There was full agreement among the Commissioners on the necessary steps to reduce and eventually eliminate the digital divide. There was also full agreement that disclosure of personal information for tax collection purposes must be minimized to protect consumer privacy.

Most of the business and government leaders on the Commission agree that states must simplify and streamline their tax structures with the objectives of reducing the cost, complexity, and administrative burden of collecting the sales tax. Implicit in this consensus for radical sales tax simplification is further agreement for a level playing field, regardless of the venue of trade -- cyberspace or mainstreet.

The state of Washington is a high-tech region and we want to encourage and foster the continued growth of e-commerce. I therefore endorsed:

- Extending the current moratorium prohibiting new or discriminatory taxes on e-commerce;
- Simplifying and reducing telecommunications tax burdens including the potential for phasing out of the three percent federal telecommunications tax.

I believe the vast majority of the Commissioners hold this view.

On issues concerning nexus, however, we were unable to achieve any modicum of agreement. Under the guise of providing "bright lines" to clarify and provide certainty for sellers making sales in multiple states, several Commission members wanted to redefine nexus standards. I believe redefining nexus would, in the final analysis, further distort the playing field between neighborhood retailers and cyberspace dot.coms, reduce state and local revenues necessary for funding essential services, and lead to renewed litigation.

In the end, the impasse on nexus prevented the Commission from issuing findings and recommendations on most of the substantive issues. Despite this failure, we must continue the national dialogue on modernizing the sales tax if it is to remain viable in the 21st century. Towards this end, I support: a.) extending the current moratorium prohibiting new or discriminatory taxes on e-commerce; and, b.) limiting expansion of collection responsibilities until states achieve simplification of their individual sales tax systems. Once accomplished, however, there should be a level playing field for consumers and businesses regardless of the medium of commerce.

I believe that state and local governments are the institutions closest to the people they serve. Therefore, they, rather than Congress, should form the necessary partnerships with business to simplify the sales tax system. Various regional and national organizations are already joining forces with the retailers most affected by e-commerce to find solutions. These are the parties through which fair and sound public policy must be formulated.

Again, we are proud of Washington's reputation as a high-tech region and we will continue to stimulate the broad base of innovation and knowledge workers within our state. As we simplify our sales tax system, however, it must not be at the cost of shifting the burden to other types of taxes such as the income tax - a proposition that has been repeatedly rejected by our citizens.

Furthermore, it is imperative that sufficient revenues be available to meet the essential services for which states and local governments are directly accountable. As an example, education funding is primarily a state responsibility. In Washington State, we spend 60 percent of our general fund budget to educate our children. The very same children that commerce, in all its forms, will look to as the skilled workers and entrepreneurs of tomorrow. Wouldn't it be ironic if our educational institutions fail due to inadequate funding? That's a risk business, government, and the American people can ill afford to take.

In conclusion, we must let states work in partnership with business to find solutions to these issues. America cannot afford to impose solutions that will result in mayhem for our communities and education systems. Together, we can arrive at a fair and equitable resolution.