

# Words of Wisdom

**By the Federation of Tax  
Administrators**

**As told by ...**

# Gale Garriott

## Executive Director



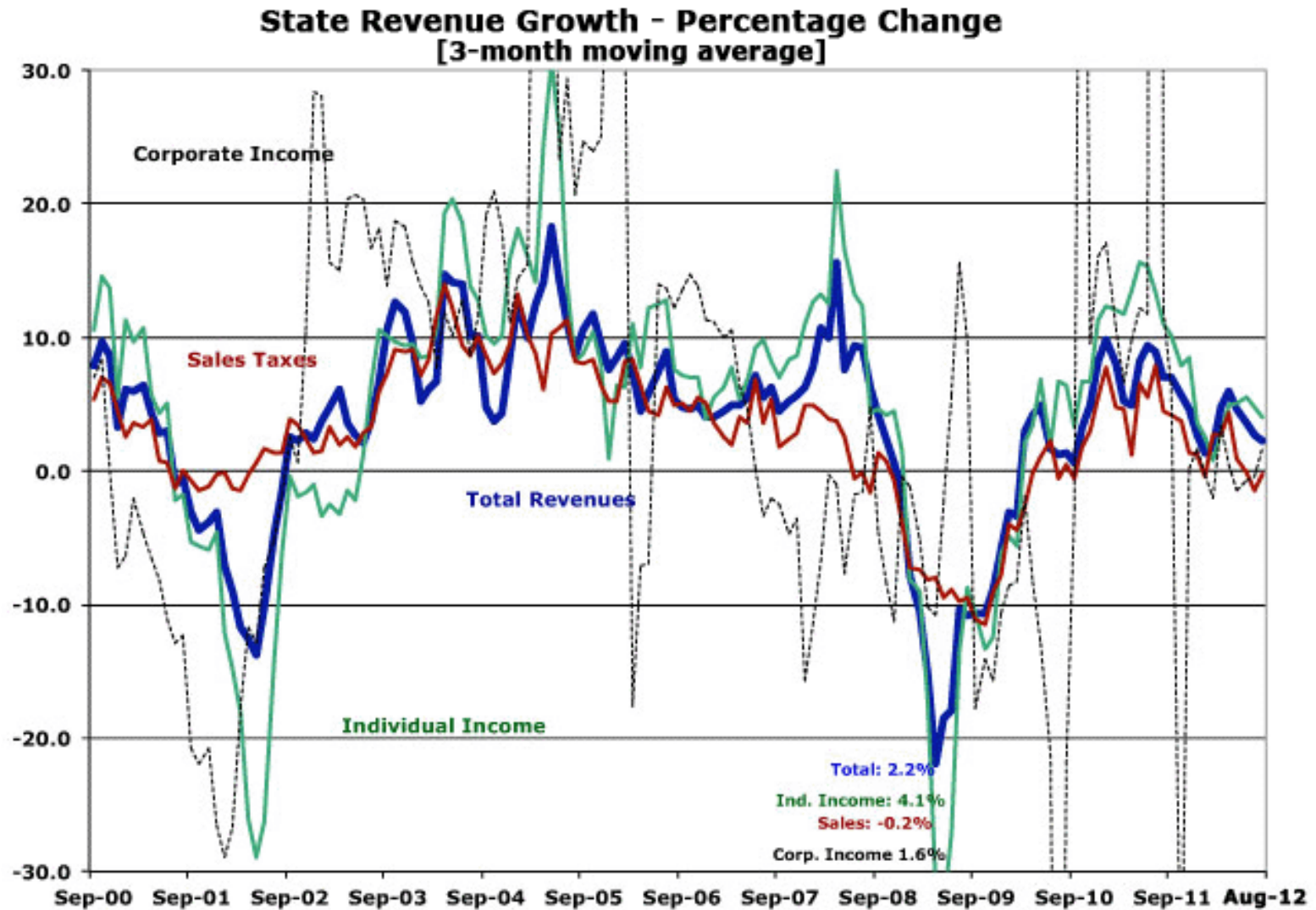
It's tax time. I know this because I'm staring at documents that make no sense to me, no matter how much Scotch I drink.

- Joe Huddleston

What at first was plunder assumed the softer name of revenue.

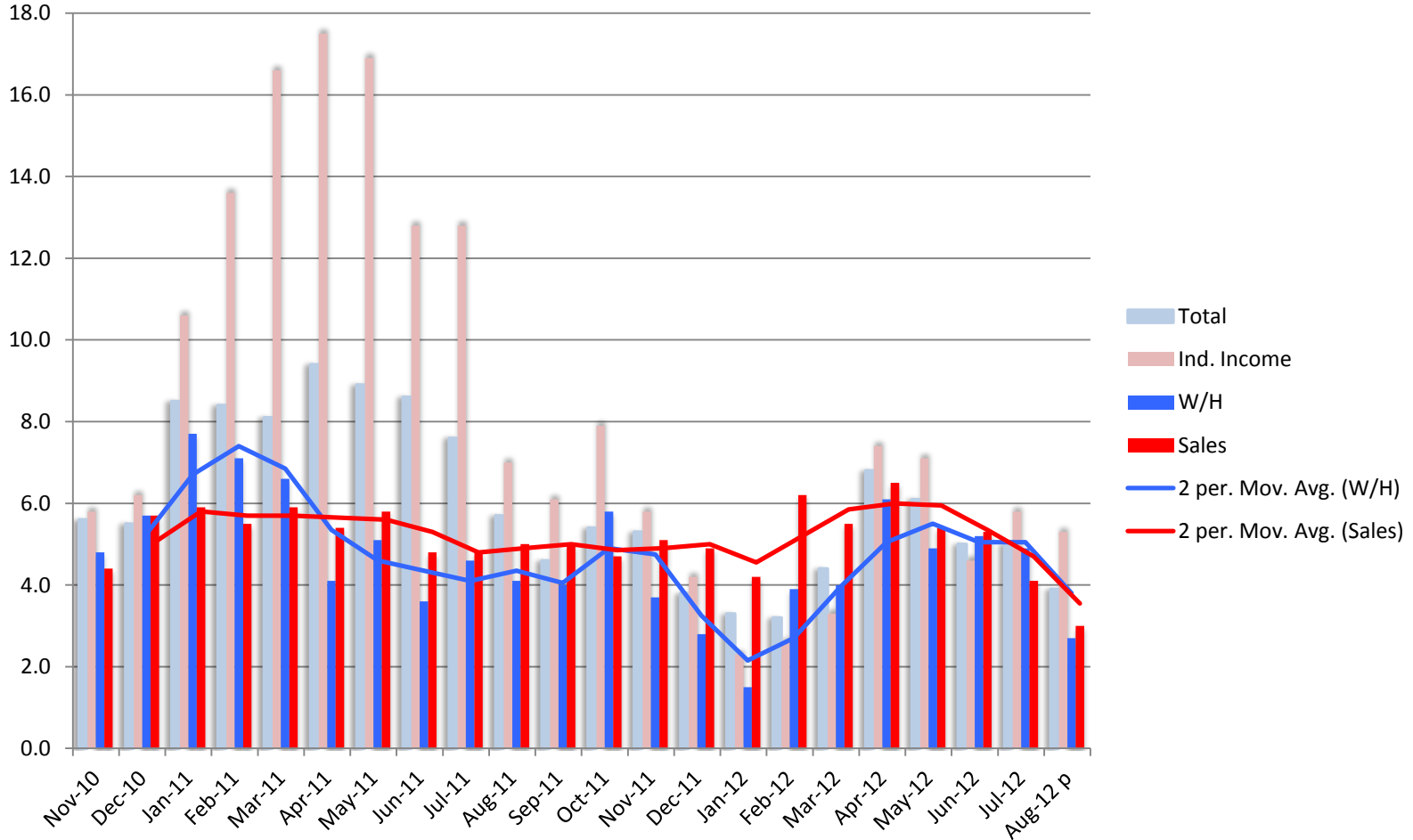
- Thomas Paine

# Total State Revenue Growth Slowing



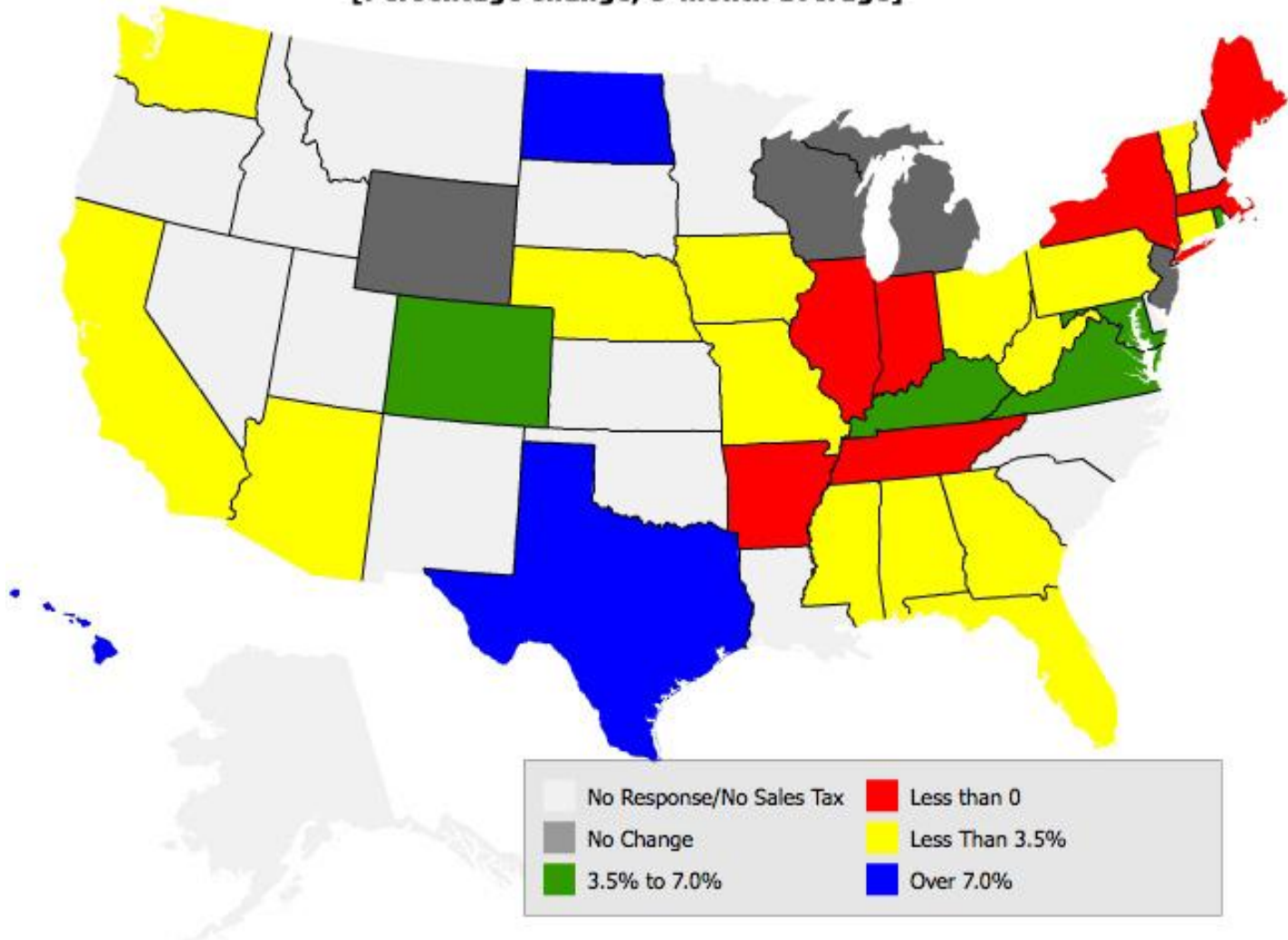
# Revenue Growth Slowing – all sources

Median Percentage Change over Previous Year  
[3-month average]

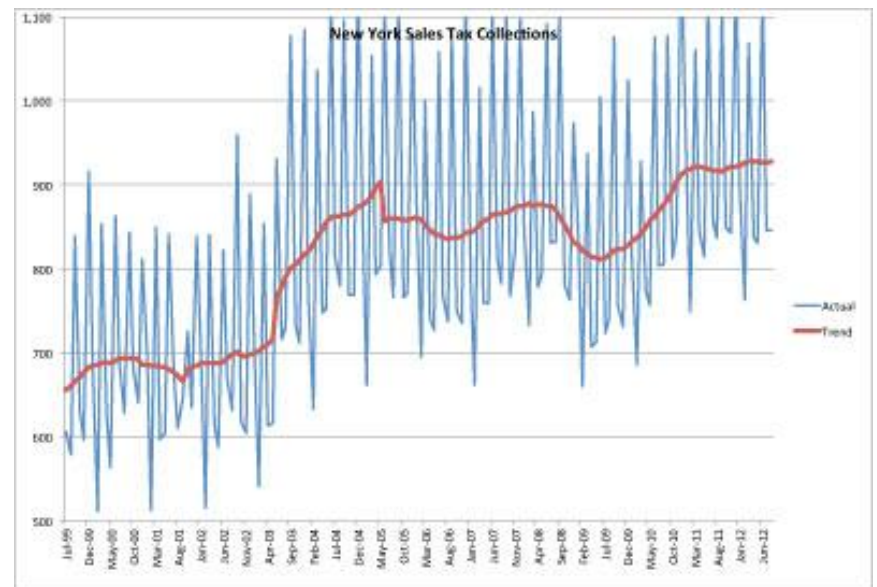
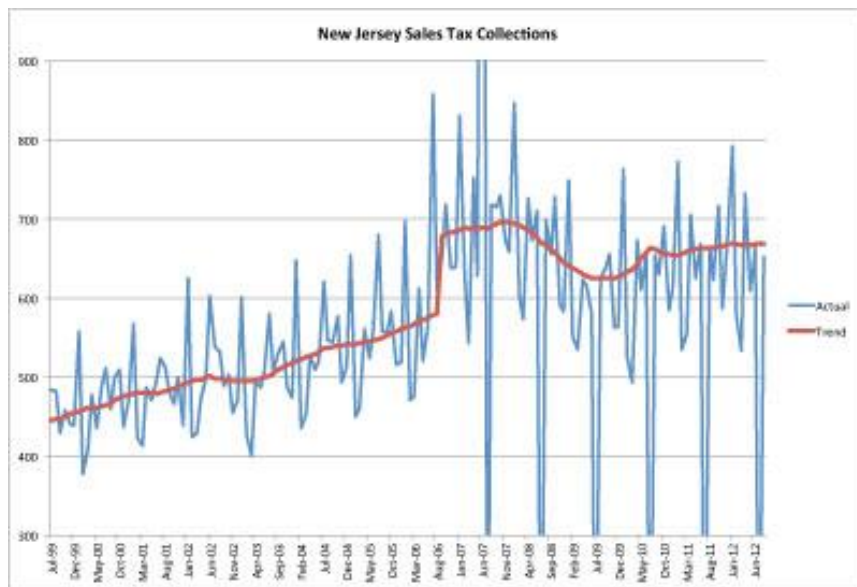
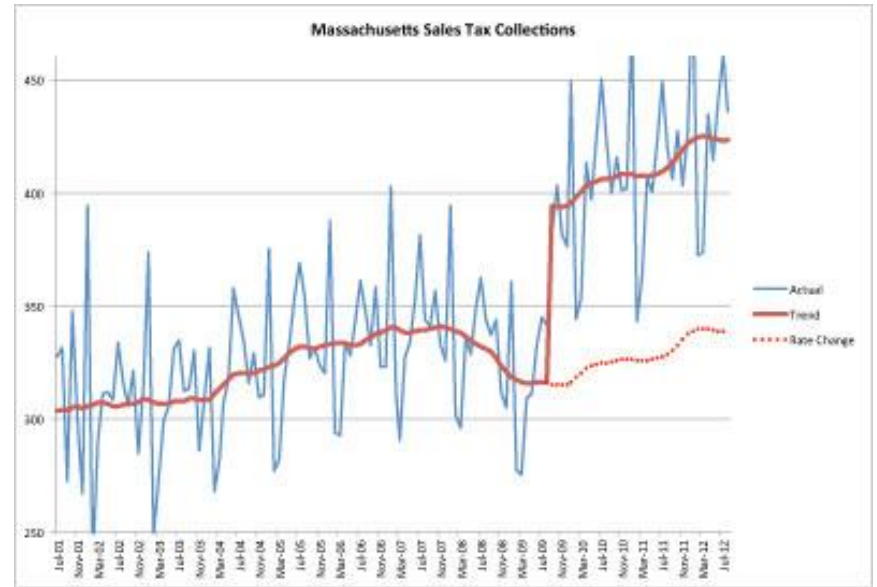
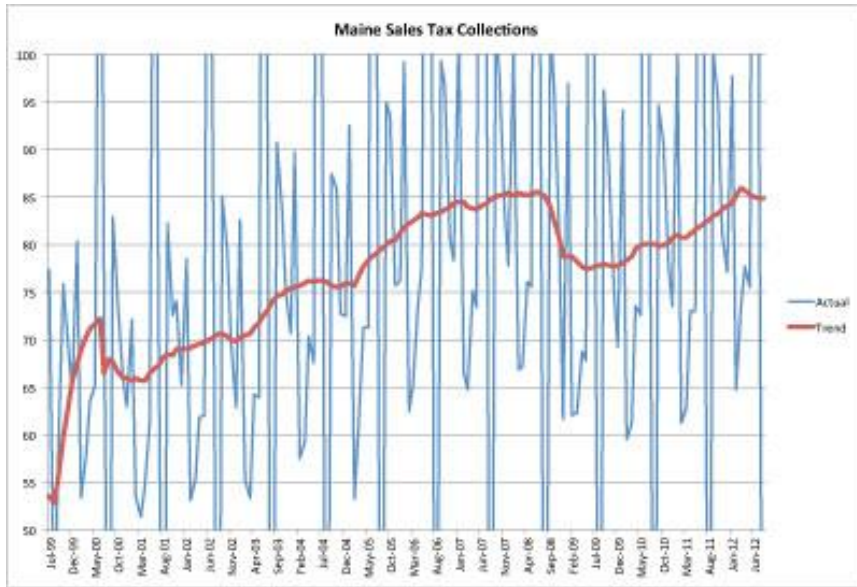


# Sales Taxes are Slowing

**August 2012 Retail Sales Tax Collections**  
[Percentage change, 3-month average]

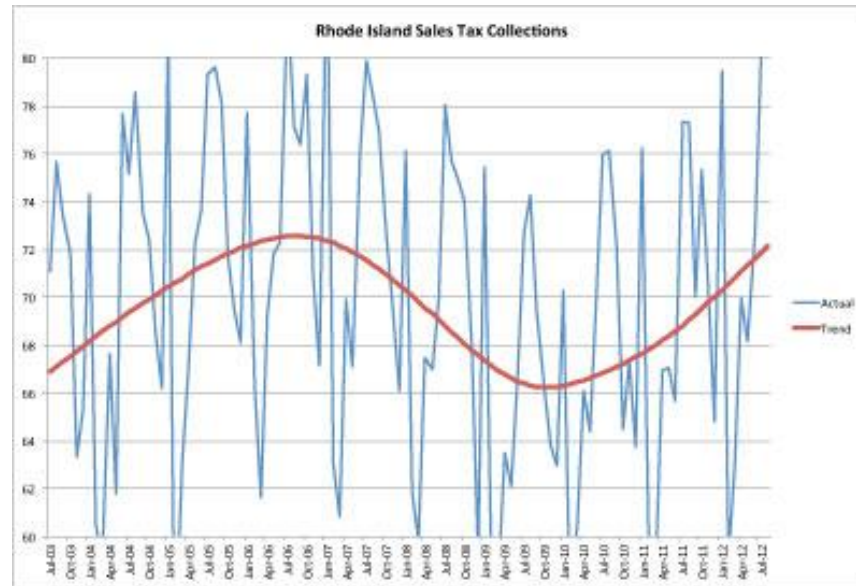
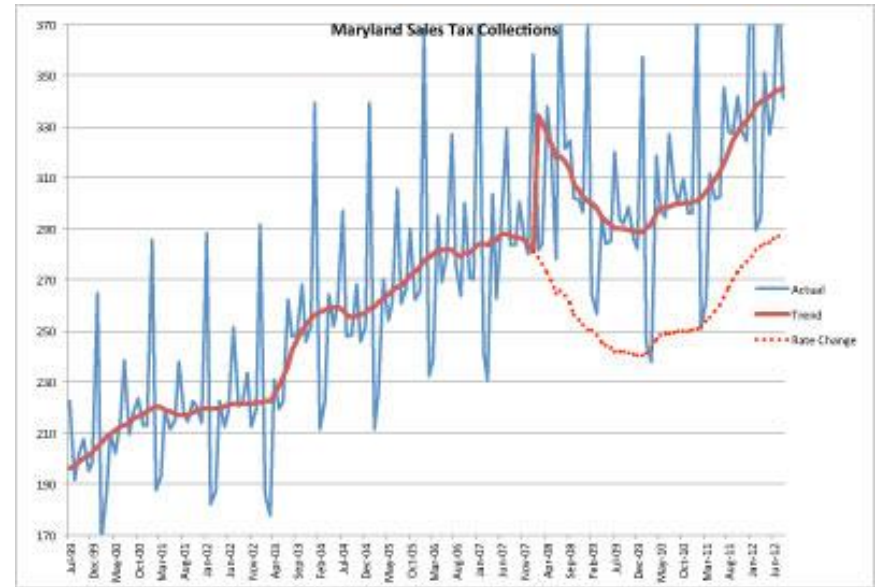
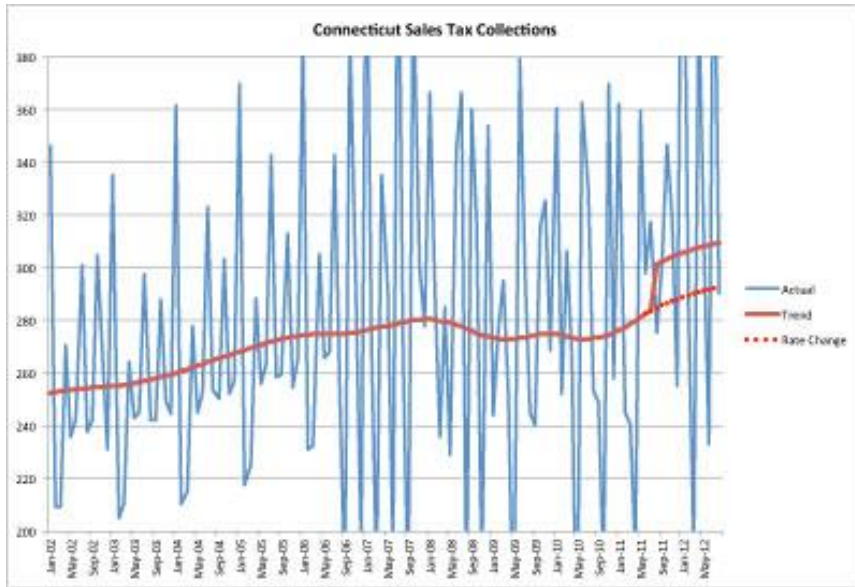


# Sales Tax Revenue is Flat

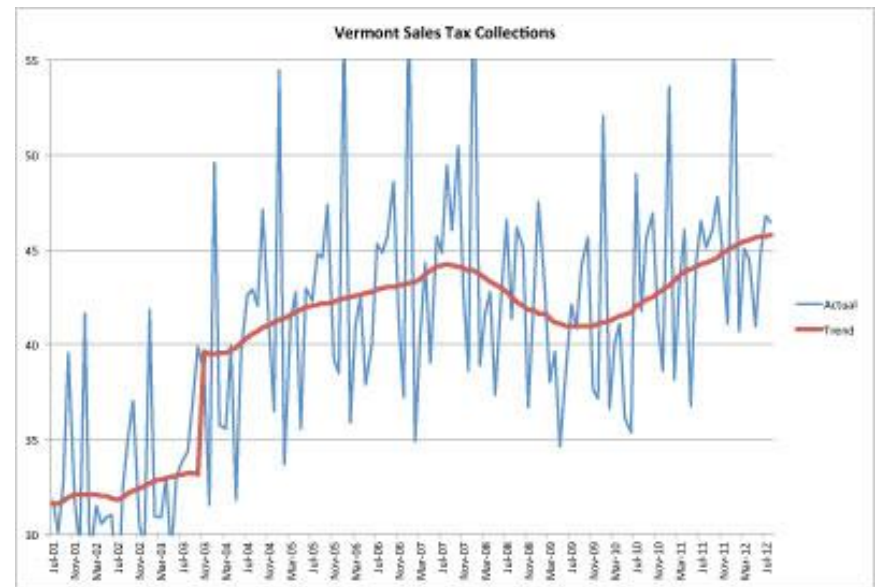
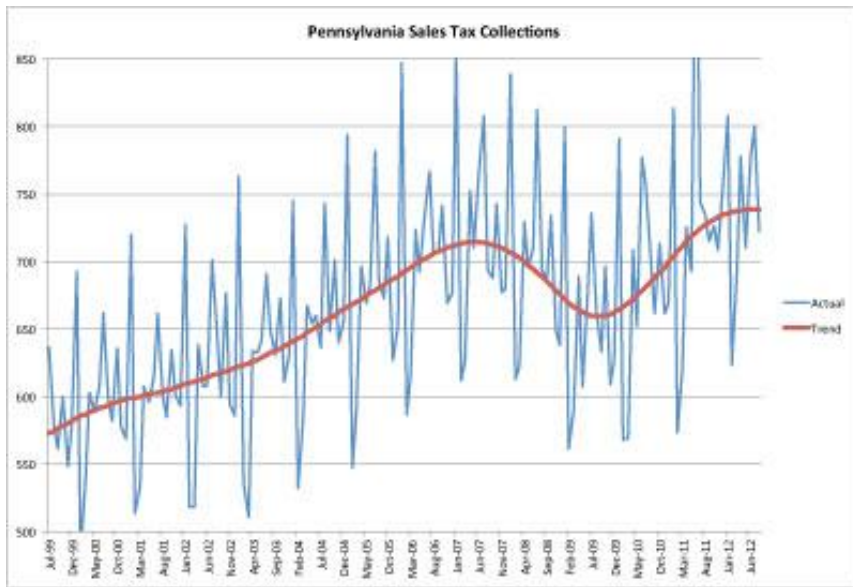




# Sales Tax Revenue is Growing

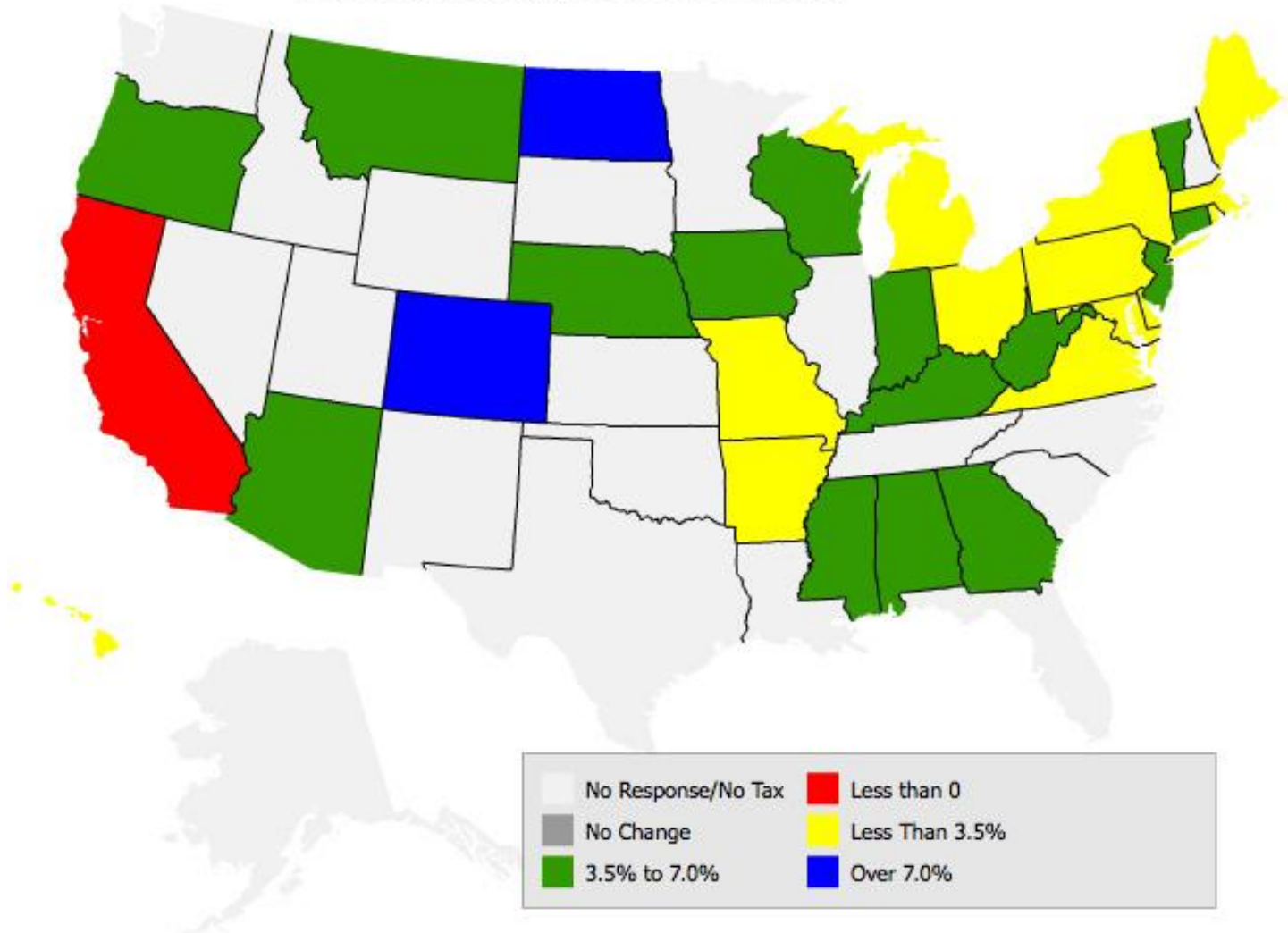


# Sales Tax Growth Rates Slowing

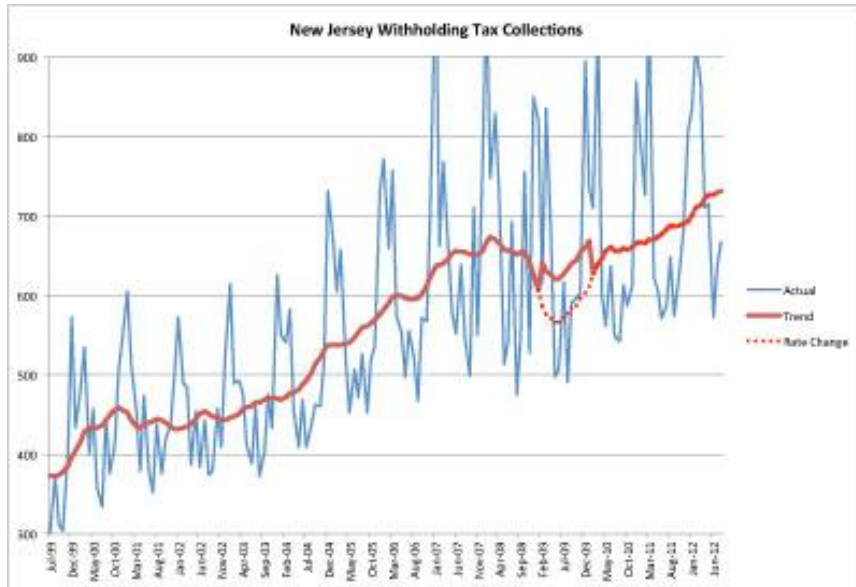
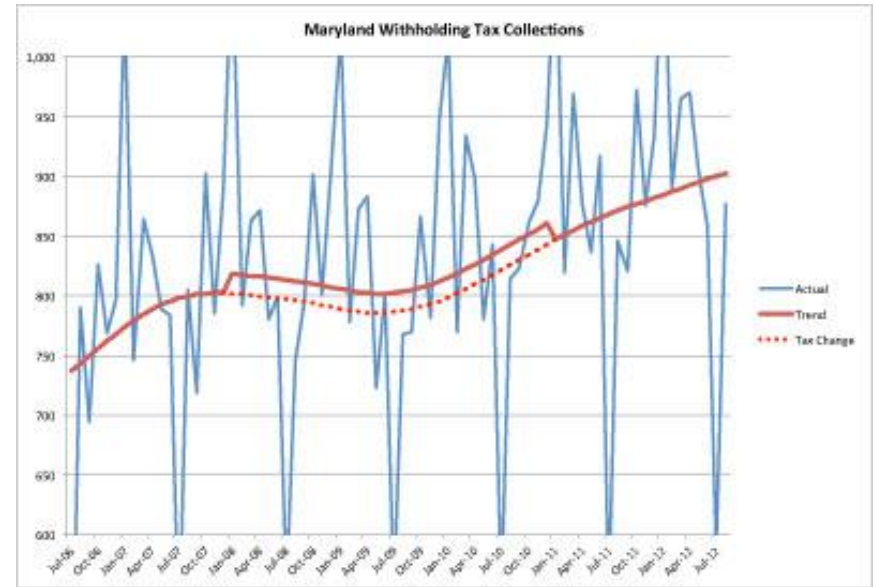
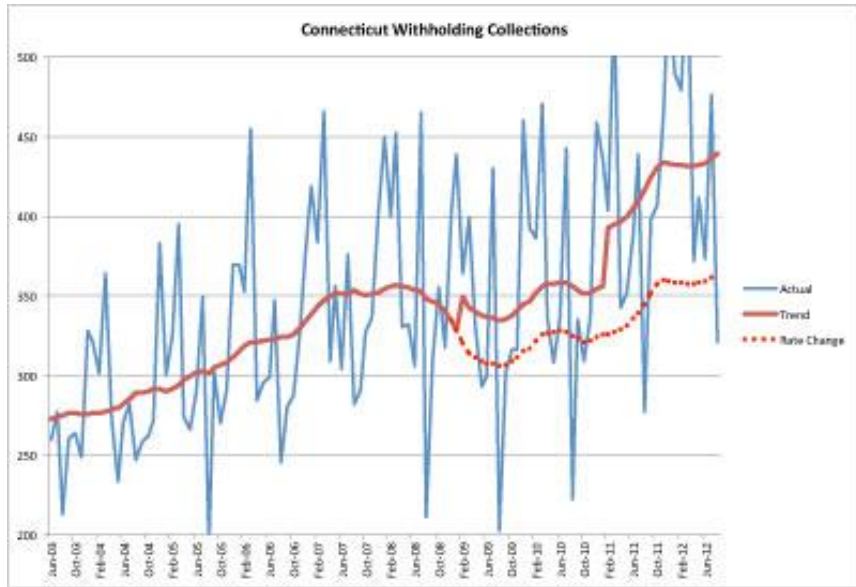


# Withholding Taxes Look Better

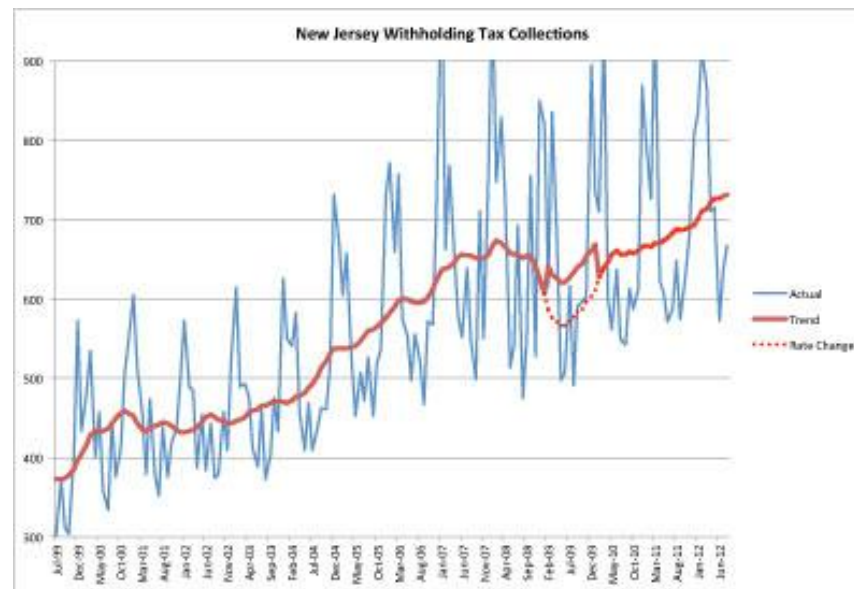
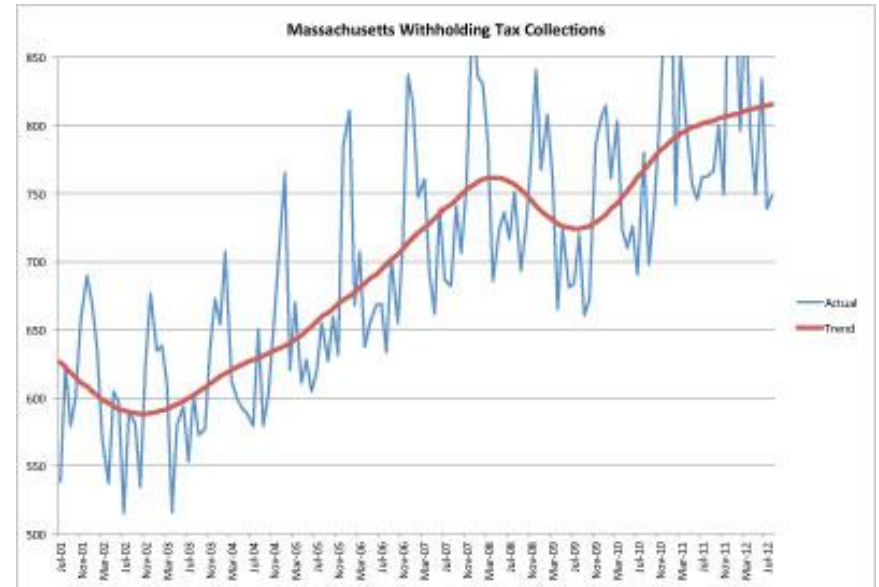
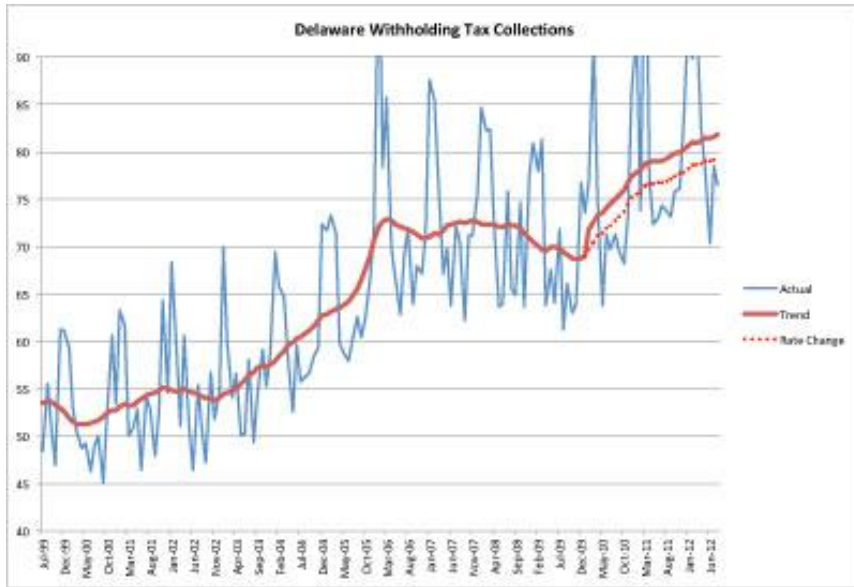
**August 2012 Withholding Tax Collections**  
[Percentage change, 3-month average]



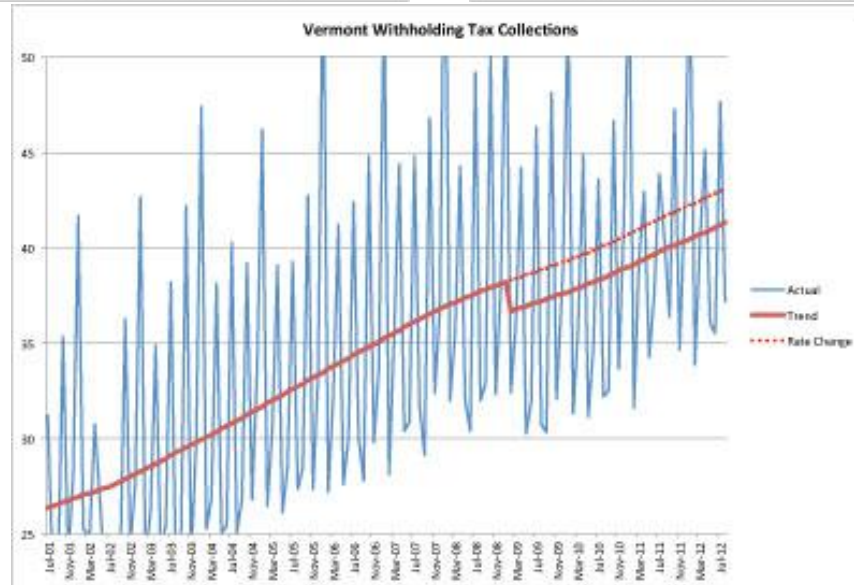
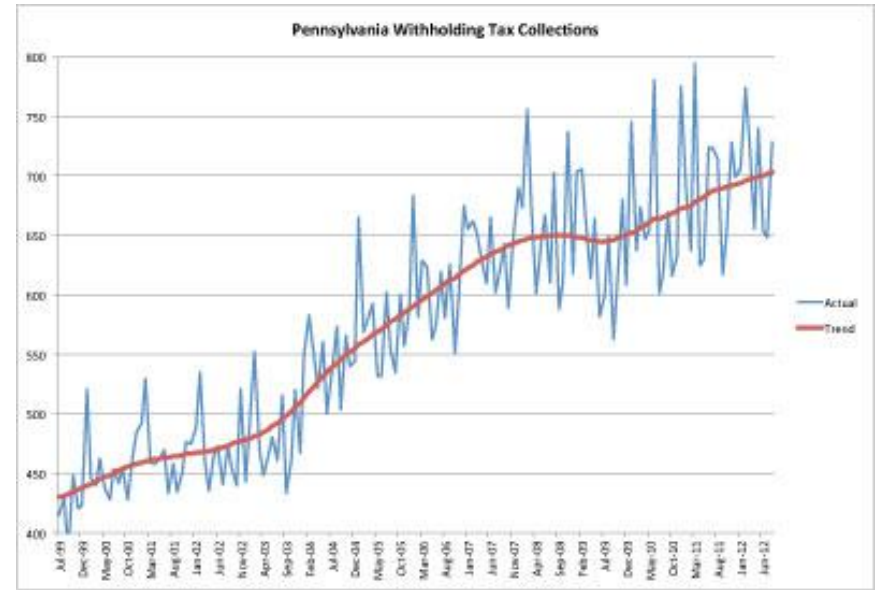
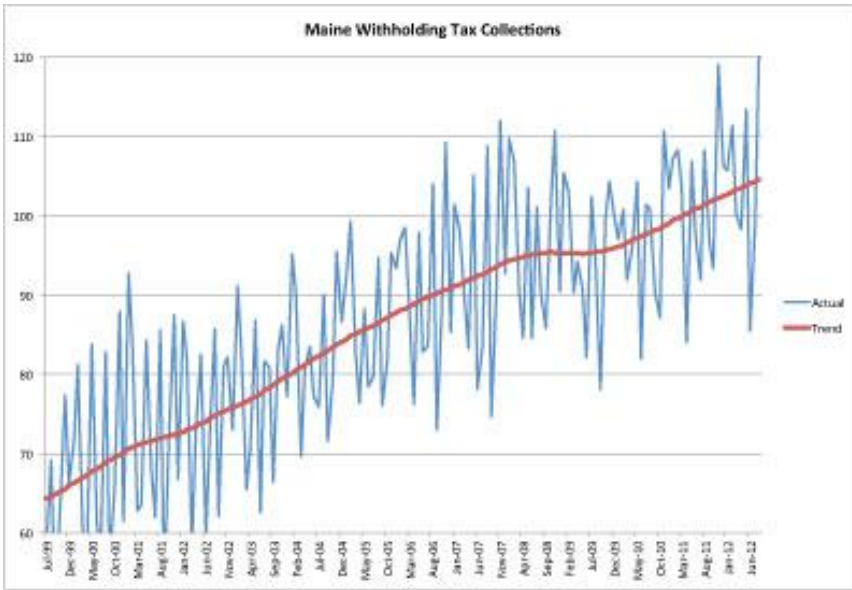
# Withholding Still Growing



# Withholding Growth Slowing



# No Impact of Recession on Withholding



Politicians and diapers have one thing in common. They should be changed regularly and for the same reason.

- Author Unknown

Get your facts first. Then you can distort them  
as you please.

- Mark Twain



# Federal Legislation

## Digital Goods and Services Tax Fairness Act (H.R. 1860, S.971)

- Purpose – to prevent multiple and discriminatory taxes on sale of digital goods and services.
- Bill actually allows businesses to avoid paying taxes on digital goods and services.
- No nexus over remote sellers; sourcing rules easily manipulated.

# Digital Goods and Services Tax Fairness Act

- June 2012 – over FTA’s objections, House Judiciary Committee passes bill (but notes problems with it).
- August 2012 – National Governor’s Association organizes effort for discussions between industry/state representatives (FTA not participating in discussions).
- September 2012 – Discussions held, were “productive”, more discussions to follow.

# Streamlined Sales Tax

- Authorizes remote seller collection authority if state is member of SSUTA or if state makes certain minimum simplifications.
- Four bills pending - Main Street Fairness Act (H.R. 2701, S.1452); Marketplace Equity Act (H.R. 3179); Marketplace Fairness Act (S.1832).
- February 2012 – July 2012 – FTA working group formed; position paper developed; hearing statements submitted to House/Senate Committees “supporting bills’ objectives”, with recommendations.
- September 2012 – Sponsors’ staffs indicate progress made in developing a single bill to replace House/Senate bills.

We are not retreating – we are advancing in another direction.

- General Douglas MacArthur

# Mobile Workforce Tax Simplification Act (H.R. 1864)

- May 2011 – Pat Carter testifies against bill in House Sub-committee.
- November 2011 – House Judiciary Committee approves bill.
- May 2012 – House passes bill.
- August 2012 - Senate leadership notified of New York's opposition to bill.

The difference between death and taxes is that death doesn't get worse every time Congress meets.

- Will Rogers

# Business Activity Tax Simplification Act (H.R.1430)

- Prohibits states from taxing business income if no physical presence; expands reach and protections of Public Law 86-272.
- April 2011 – Bruce Johnson (FTA current President) testifies against bill in House Subcommittee.
- Summer 2011 – House Judiciary Committee approves bill; CBO estimates cost of \$2 billion/year; NGA sends bipartisan letter opposing.
- Now pending House vote.

The art of taxation consists in so plucking the goose as to obtain the largest amount of feathers with the least amount of hissing.

- Jean-Baptiste Colbert



# Compliance

John Feldmann - FTA Compliance Manager

Contact: [john.feldmann@taxadmin.org](mailto:john.feldmann@taxadmin.org)

## Suspicious Filers Call

- Monthly telephone call among states to help prevent fraudulent refunds.
- October 10<sup>th</sup>, next call to discuss best system edits used by Maryland, California and New Mexico.

# Compliance con't

## SAP Call

- States have problems auditing businesses using SAP software.
- October 16<sup>th</sup> webinar – SAP will demonstrate its audit information system.

## Zapper Call

- Sales suppression software programs that falsify electronic records of cash businesses to evade taxes.

# Compliance cont'd

- October call (tbd) – Six states will explain what is being done to combat the problem.

## General Information

- Audit/Collections Listserves – subscribe at FTA home page, [www.taxadmin.org](http://www.taxadmin.org), bottom right corner.
- Other conference call ideas, contact John Feldman.

# Tobacco Tax

Cindy Anders-Robb, Manager

Contact: [cindy.anders-robb@taxadmin.org](mailto:cindy.anders-robb@taxadmin.org)

## Uniformity

- FTA's PACT Act reporting form approved by ATF for use by industry.
- Working with industry to develop a uniform state tobacco tax return.

# Motor Fuel Tax

Cindy Anders-Robb, Manager

Contact: [cindy.anders-robb@taxadmin.org](mailto:cindy.anders-robb@taxadmin.org)

## Federal Highway Money

- Available to state employees to attend conferences, training workshops.
- \$5,000.00 per state per year and it doesn't expire.

# Motor Fuel cont'd

- October 28 – Motor Fuel Tax Section Annual Meeting in Providence, RI.

# Tax Technology and Standards

Jonathan Lyon, Manager

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## Modernized Efile

- IRS converting to its Modernized Efile platform for 2013 filing season.
- November – IRS starts testing system. If state problems arise contact Jonathan.
- 2013 – IRS/states working on another Modernized Efile program involving 1041 return (income with respect to decedents and trusts), for use in 2014.

If I were two-faced, would I be wearing this one?

- Abraham Lincoln



- Clinton aide George Stephanopolous, speaking on Larry King Live,  
The President has kept all of the promises he intended to keep.

THE END