

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: February 6, 2002

SUBJECT: Fiscal Impact Statement: "Simplified Sales and Use Tax
District of Columbia Participation Act of 2002"

REFERENCE: Bill Number 14-420 as Introduced

Conclusion

There is no fiscal impact associated with the provisions of the proposed legislation. The bill authorizes certain District officials to participate in discussions with representatives of state governments for the purpose of simplifying and reducing the burden of sales and use tax collection.

Background

The proposed legislation would authorize the District of Columbia to participate in and/or amend the Streamlined Sales and Use Tax Agreement, a document developed by state governments in December 2000 to simplify and modernize sales and use tax collection and administration. The Agreement seeks to establish greater uniformity and simplicity in tax administration and to facilitate Congressional passage of legislation that would authorize the interstate collection of use taxes on out-of-state sales.

The District would be represented in the Agreement by four delegates, one each appointed by the Mayor, the DC Council, the Chief Financial Officer, and the Committee on State Taxation. The CFO would be authorized to enter into an Agreement with other states to simplify and reduce the burden of tax compliance, but only on the condition that the Agreement met numerous compliance requirements, including limiting the number of state rates and establishing uniform standards for sales and use tax returns and remittances. The CFO would be authorized to take actions required to implement the

proposed legislation. However, implementation of any condition of the Agreement in the District would require action by the Council of the District of Columbia.

Financial Plan Impact

The proposed legislation has no fiscal impact. The bill authorizes certain District officials to participate in discussions and to enter into contractual agreements which in the future could lead to changes in sales and use tax collection and administration, subject to legislative approval.