



Good morning. Today I am announcing the introduction of the legislation which will formally begin Minnesota's participation in the National Streamlined Sales Tax effort.

The passage of Senate File 13-25/House File 14-16 is important for Minnesota. This is the model act being proposed and adopted by states around the country.

So far 20 states have actions pending and 2 states have already adopted this proposed language: Wyoming and Utah.

The Streamlined Sales Tax legislation is an important part of tax reform.

It provides uniform administrative and definition changes so Internet sellers can comply with state sales and use taxes.

This bill is not about taxing people for using the Internet. It is about making sure the states create a level playing field for Internet sellers and bricks-and-mortar sellers in collecting and remitting the sales tax.

It is not fair that a Minnesota business, already paying high property taxes here also has to charge our sales tax, while out-of-state sellers can now avoid it and gives themselves an automatic 6-point-5 percent price advantage.

Reforming the sales tax remains an important goal for me in this year's discussion of tax reform. I believe the sales tax is a more fair tax and so do many Minnesotans.

The stability of the sales tax and its future as a revenue source are important to Minnesota's taxpayers. If we don't fix the sales tax, we will have to rely more and more on the property tax and income tax to fund our services or else actually cut spending dramatically.

And let's face it, holding the line on spending is tough. I know from this year's experience.

During a national debate on the Internet Tax Freedom Act, it became apparent that sales tax had dramatically changed in today's economy.

Minnesota, according to a study from the University of Tennessee, stands to lose \$220 million in Fiscal Year 2003 from remote sales.

In the February forecast, we saw sales tax receipts fall 2.6%.

This is the main reason I feel so strongly about reforming the sales tax, both in what we tax (looking at the service economy) and how it can be fairly administered (the streamlined sales tax).

The sales tax is a mess and it's up to the states to do something to fix it and save it.

And I want to make sure Minnesota is one of the states leading that effort.