
OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM

TO: GOVERNOR MUSGROVE
FROM: BOYD
SUBJECT: E-COMMERCE TAXATION
DATE: 1/31/2000
CC: SIMMONS

There is no doubt that state's must deal with the revenue implications presented by the ever-growing e-commerce phenomenon. Analysts note that e-commerce sales have nearly doubled from \$11.5 billion in 1998 to \$20 billion in 1999. As computers become more available and consumers become more familiar with e-commerce, Internet sales are expected to reach more than \$180 billion annually by 2005.

The passage of the Internet Tax Freedom Act in 1998 implemented a three-year moratorium on the application of Internet sales taxes. The bill also called for an Advisory Commission on Electronic Commerce to develop recommendations to submit to Congress by April 2000.

The commission's 19 members include three of our nation's governors, heads of several major information technology corporations and other government and business leaders from across the nation. Virginia Governor James Gilmore chairs the commission. The other two governors are Michael Leavitt (Utah) and Gary Locke (Washington).

The National Governor's Association along with six other major state and local organization have expressed support in the commission's draft report which recommends an open discussion among all entities and streamlining of state sales tax systems. According to the Council of State Governments, Mississippi does have a tax on information/software downloaded from the Internet. I have contacted the CSG and am awaiting a response.

Should you have any additional questions, please contact me at 359-2971