

Envelope  
Manufacturers  
Association



500 Montgomery Street  
Suite 550  
Alexandria, Virginia 22314-1565

March 21, 2008

Mr. Scott Peterson  
Executive Director, Streamlined Sales Tax Project

Re: Public Comment  
OPPOSED to AM07034A01, section 313 amendment  
OPPOSED to RP07016A01, proposed Rule 313 on amended section 313

Dear Mr. Peterson,

The Envelope Manufacturers Association (EMA) is the world's largest association devoted exclusively to the growth and prosperity of the envelope manufacturing and paper-based communications industry and has been a leader for 75 years. We would like to file a public comment and request your assistance in forwarding this letter to members of the Governing Board and State and Local Advisory Council.

The proposed amendment and rule pulls business correspondence out of section 313. We object to this "resolution" of business correspondence tax administration issues.

1. Businesses use envelopes because the envelope is an inexpensive way to ensure confidentiality and privacy with regard to correspondence delivered through the mail or other delivery services.
2. Businesses are only required to affirm through their mailing agent that they have remitted the correct postage according to USPS postal regulations on the classification of mail. Businesses may, and sometimes do, choose to voluntarily pay a higher postal rate than what is legally required in order to be classified as first class mail rather than standard mail and this typically occurs when an envelope is used.
3. Businesses are not accustomed to advising their mailing agents of the content of confidential material included in an envelope and we respect the right to privacy as to whether or not a business chooses to divulge what is included in a mailed envelope.

4. Any requirement to divulge this type of information should be voluntary and tax administration policy should allow for appropriate seller tax collection and reporting in the event that the business sending the correspondence does not know that such information may be helpful to provide to the seller or does not choose to divulge such information.

We believe that Section 313 as drafted meets the above requirements. However, we are not immune to the concerns of the broader business community to achieve clear tax administration policy and simplification and uniformity in tax reporting and we support amendment to Section 313 for these purposes. We do not believe the current proposals fit this description.

If the broader business community desires to achieve a different and simpler sourcing rule for business correspondence, then such sourcing should be included within Section 313 for the reasons discussed above. Is it not feasible to list in Section 313, either specifically or in general terms, the types of direct mail that should be sourced to a single location and the types of direct mail that should be sourced to the jurisdiction where the mailbox is located? We support simplification and whatever descriptions the Governing Board uses to define two sourcing buckets within Section 313. Suggestions for consideration: transactional versus all other direct mail, individualized versus duplicative, specified types of business correspondence versus all other direct mail, promotional versus all other direct mail, business correspondence versus promotional, or a de minimis standard where sourcing is simplified if the cost of the printed material is less than the cost of delivery on a per piece basis.

If the Governing Board is going to amend Section 313, and we agree that simplification is needed, please consider a request to SLAC to draft a proposal for the purpose of maximizing simplicity. In that regard, some of the options listed above will yield greater simplification than others.

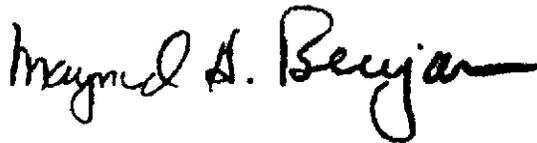
For example, a personalized solicitation included in an envelope may cost 5 cents to manufacture while a full color catalog may cost two dollars. If the goal is simplification, it might be reasonable for the Board to adopt a rule that duplicative material be sourced to the jurisdiction where the mailbox is located while individualized solicitations be sourced to the purchaser's address; is there significant tax policy objectives to be obtained by tracing nickel mail to the mailbox for tax administration purposes? On the other hand, if the Board prefers to take the narrowest view rather than maximize simplification, perhaps the line should be drawn at whether direct mail is transactional in nature. Is the cost of tax compliance administration justified when the cost to manufacture a piece of mail is less than the cost of postage to deliver it? These questions should be answered before disrupting Section 313, as it is currently functions. We are very concerned about increased tax administrative burdens that may result in long-term reductions in mail volume and envelope usage.

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As an industry, we do not have a large stake in where the line is drawn. However, we do believe that the sender of the mail should be the person to determine the content of the mail and which bucket it falls into within Section 313. Section 313 as written allows our customers the choice of either: 1) providing a direct mail exemption certificate and protecting the confidential nature of its mail which may or may not be business correspondence OR 2) providing our members with sufficient information to properly remit tax on the taxable components of the transaction or service.

Thank you for allowing me to comment on these proposals. I plan to attend the meeting on April 2<sup>nd</sup> and hope to have an opportunity to introduce myself. We very much appreciate the efforts of SLAC in addressing our concerns.

Sincerely,

A handwritten signature in black ink that reads "Maynard A. Benjamin". The signature is written in a cursive style with a long horizontal flourish at the end.

Maynard Benjamin  
President and CEO