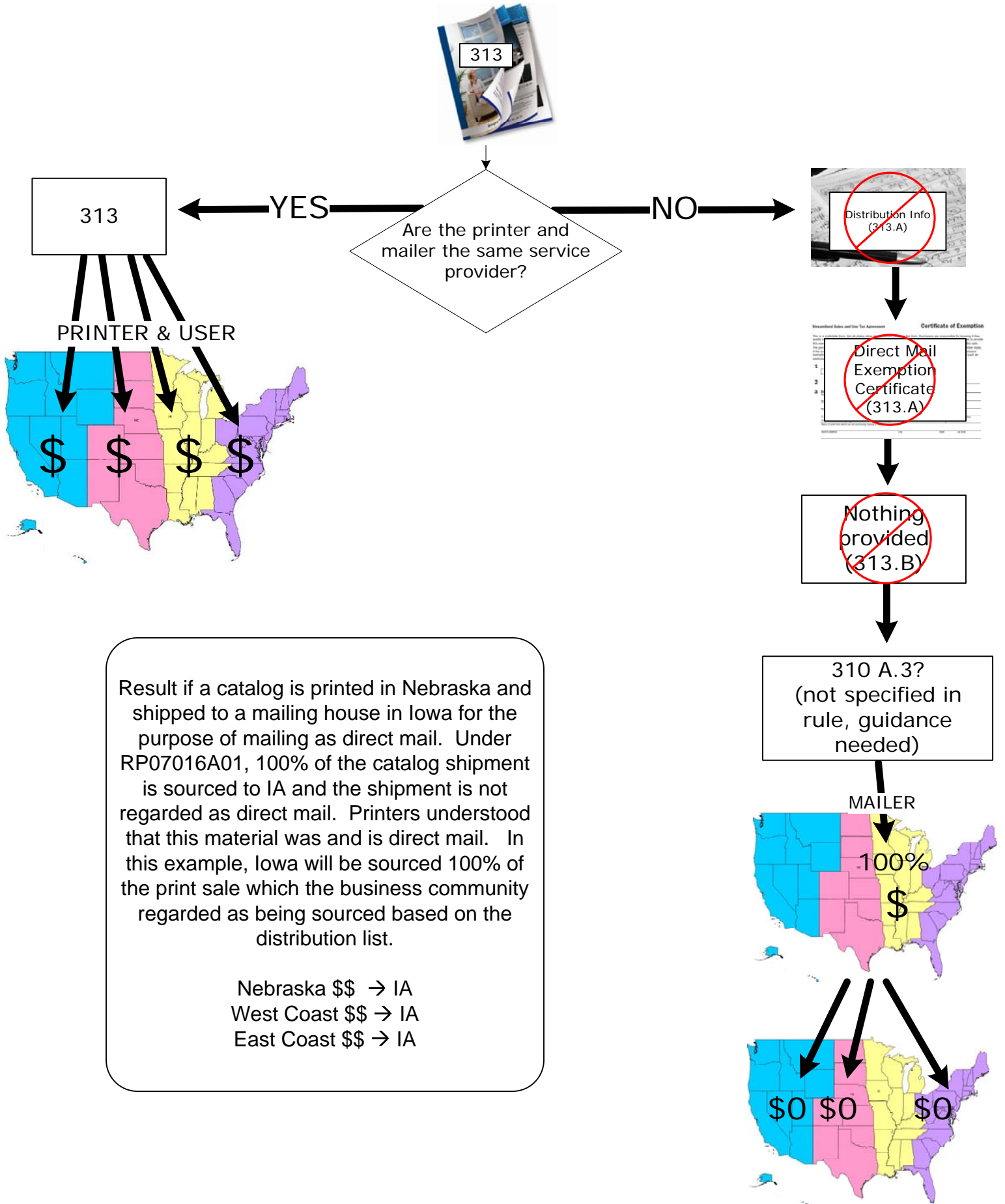


EXHIBIT A – Attachment to MFSA Public Comment
 PROPOSED RULE 313



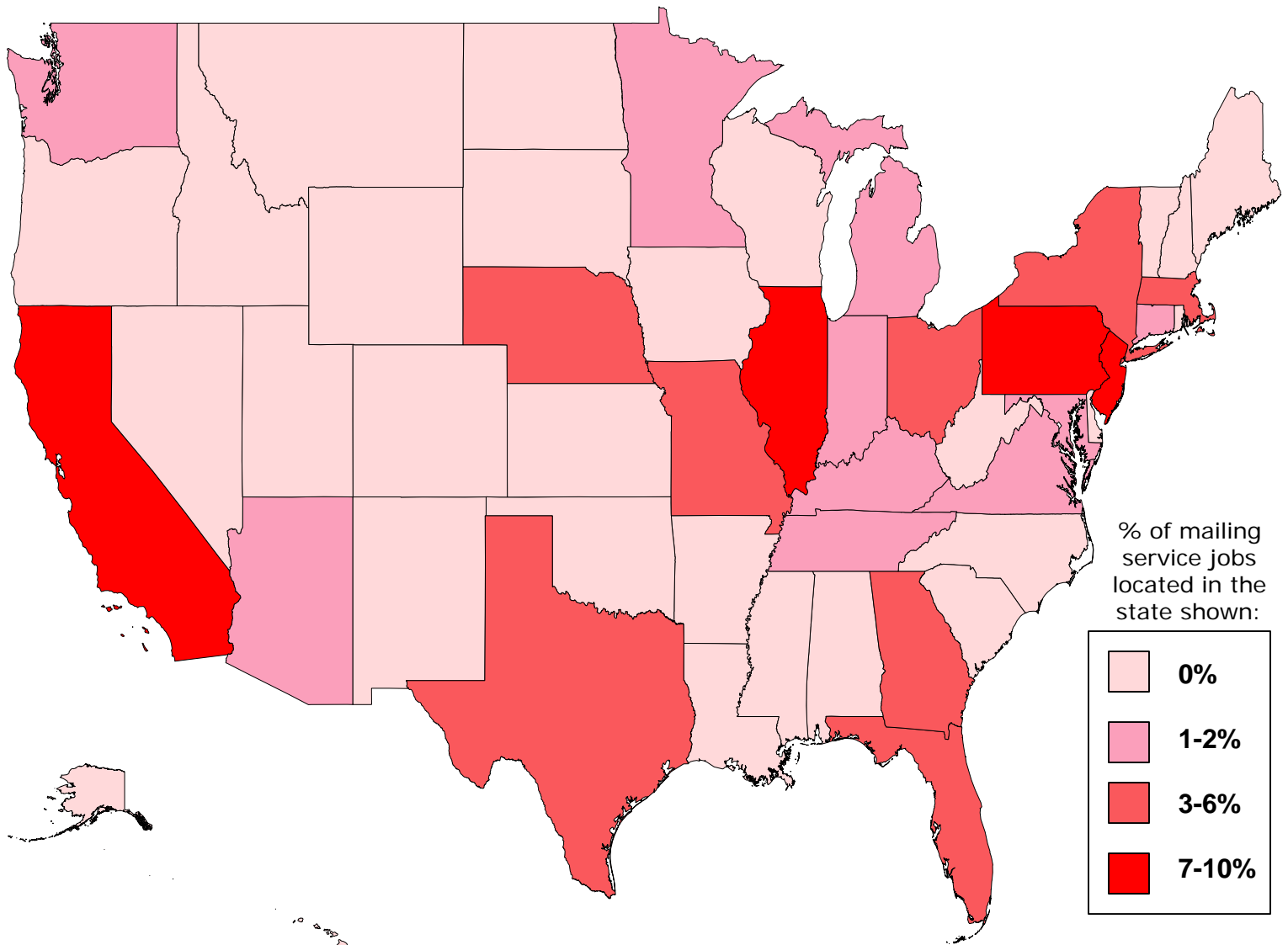
Result if a catalog is printed in Nebraska and shipped to a mailing house in Iowa for the purpose of mailing as direct mail. Under RP07016A01, 100% of the catalog shipment is sourced to IA and the shipment is not regarded as direct mail. Printers understood that this material was and is direct mail. In this example, Iowa will be sourced 100% of the print sale which the business community regarded as being sourced based on the distribution list.

Nebraska \$\$ → IA
 West Coast \$\$ → IA
 East Coast \$\$ → IA

PROPOSED RULE CREATES HAVES & HAVE NOTS

States with a high concentration of mailing service providers may receive tax revenue that the business community currently regards as ratably reportable to all states.

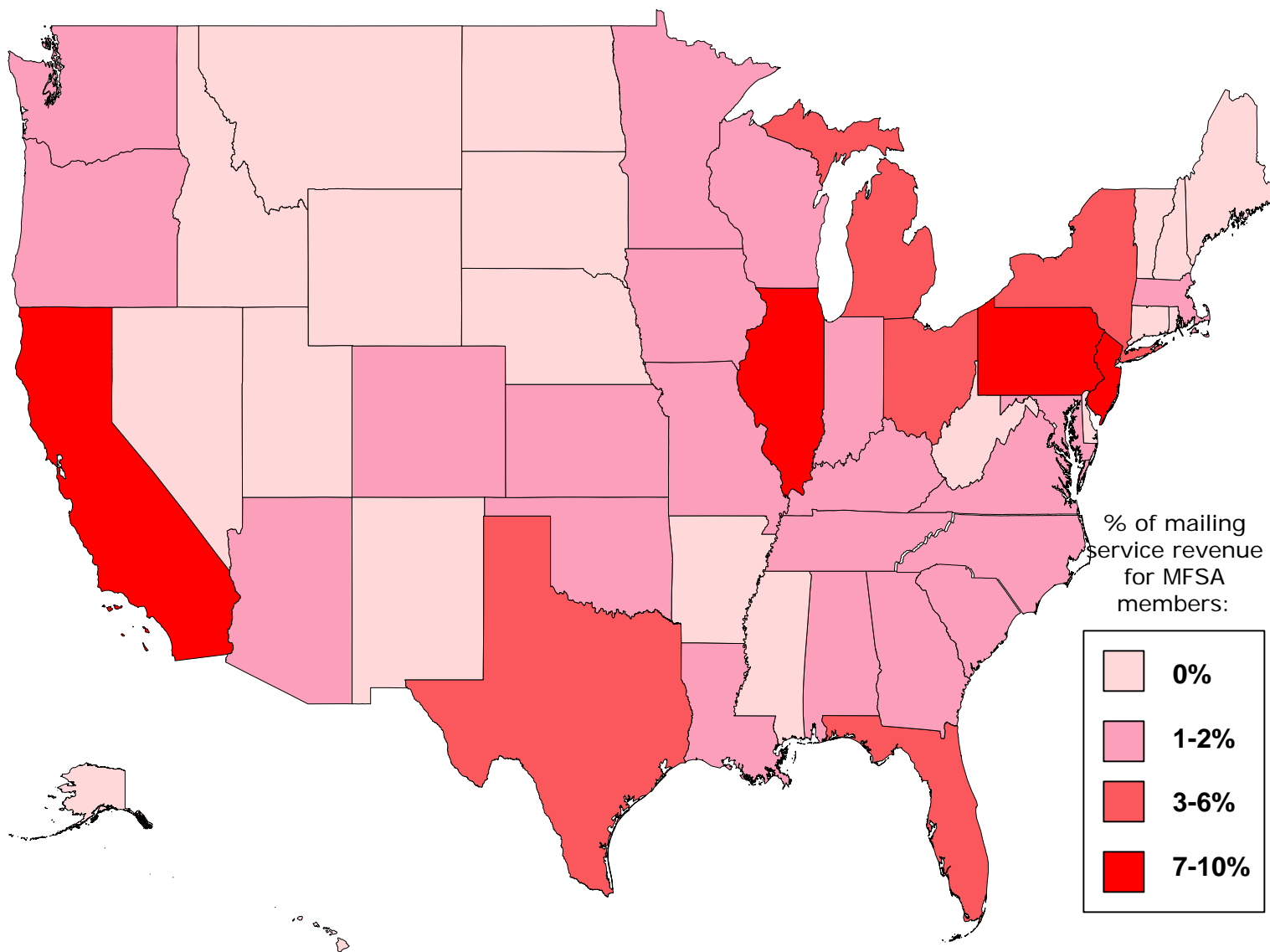
Nationally, there are 8,221,907 mailing service jobs based on a National Employment Study presented to Congress which was the basis for unanimous adoption of Postal Reform legislation in December 2006. The chart below illustrates where the 8.2 million jobs are located. If sales tax on catalogs (in those cases where the printer and mailer are different service providers) is sourced under the proposed rule RP07016A01, the tax revenue on these sales may be ratably allocated as shown below, with sales primarily being sourced to red states since the proposed rule sources 100% of the catalog sale to the state where the mailer is located.



This issue is only created because RP07016A01 does not include the catalogs printed in NE and mailed from IA as direct mail. The business community has always regarded these materials as direct mail. If the current rule 313 is interpreted it may have the impact of a retroactive change in tax administration policy.

The Mailing & Fulfillment Service Association is the primary trade association for mailing service providers. Annual sales revenue for mailing services for MFSA members total \$4.7 billion. The \$4.7 billion in annual gross revenue from mailing services is allocated to the states below based on the actual location of MFSA members.

If RP07016A01 is adopted and catalog/direct mail sales are sourced based on the location of the mailing service provider, greater sales will be sourced to red states. No catalog print sales will be sourced to light pink states since these states have no MFSA members. The light pink states will only receive revenue if they have a higher tax rate than the red states or if the red states grant an interstate commerce or other exemption to the catalog sale.



This issue is easily resolved. Direct mail should be broadly interpreted to include all printed material which is manufactured for the purpose of distribution as direct mail.