March 31, 2008

Mr. Scott Peterson
Streamlined Sales Tax Governing Board
4205 Hilleboro Pike
Hobbs Building, Suite 305
Nashville, TN 37215-3339

VIA ELECTRONIC EMAIL

Dear Mr. Peterson:

The National Federation of Independent Businesses (NFIB) supports the efforts of the Direct Mail Coalition in obtaining guidance under the current Section 313 and we have monitored their efforts over the past year by both participating in various Coalition conference calls, state-level and national discussion and through document distributions. On behalf of our more than 360,000 small business members nationwide, we would respectfully request that this letter stand as our public comment on the need for clarification on direct mail sourcing. Many small businesses rely very heavily on direct mail as part of their marketing strategies and business communications. Small businesses generally contract out their direct mail needs and are dependent on a postage tax system that is reasonable and fair.

We do not understand the technical aspects of direct mail sourcing and cannot comment on these details. However, we do understand that Section 313 had broad industry support when it was adopted and that the industry originally requested guidance for the current Section 313 rather than an overhaul of Section 313. The direct mail sourcing rules contain provisions which provide maximum purchaser flexibility and at the same time seller safe harbors—both of which are important to small businesses which use direct mail for advertising and business communication purposes.

Direct mail sourcing is extremely complicated for small businesses located in states with local sales tax jurisdictions – we understand why Washington needs a direct mail origin sourcing rule as an option and we understand that they need this amendment in order to successfully implement SSTA legislation this summer with the least disruption to business. However, the same complexity exists for
both interstate and intrastate mail. We support immediate adoption of AM07008, as may be minimally modified by general consensus during the Reston meeting, conditioned on the agreement that it is phase 1 of an optional direct mail sourcing simplification amendment. In other words, if AM07008 is adopted, we request that Washington and West Virginia draft an amendment to be implemented as phase 2 which will simplify sourcing for interstate direct mail as an option similar to AM07008.

We support AM07035, AM07035A01, and AM07035A02 and oppose AM07033 as noticed. We understand that there have been recent, positive discussions and hope that an amendment will be adopted in Reston to resolve the uncertainty concerning the taxation of postage as a delivery charge. We note that most small businesses do not have their own postal permit and rely on the service provider to act as their mailing agent in procuring postage and entering the mail into the mail stream. Therefore, tax administration policy could have the unintended consequence of levying a heavier tax burden on small businesses than what is levied on large businesses that have in-house resources necessary to administer their own postal permit account.

Unfortunately, I will be unable to attend the meeting in Reston, but thank you for your consideration of these comments and your willingness to distribute them as appropriate as NFIB’s public comment.

Sincerely,

Roger R. Geiger
Vice President

RRG:wh