

EXTENDING THE TIME FOR FILING REPORTS UNDER  
PUBLIC LAW 86-272

APRIL 2, 1962.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Finance, submitted  
the following

REPORT

[To accompany H.R. 10043]

The Committee on Finance, to whom was referred the bill (H.R. 10043) to amend Public Law 86-272, as amended, with respect to the reporting date, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

STATEMENT

Public Law 86-272 precludes a State from imposing an income tax upon a business where the only activity within the State is either (1) soliciting orders within the State, or (2) using an independent contractor to make sales in the State. This statute also provides that the Committee on the Judiciary of the House of Representatives and the Committee on Finance of the U.S. Senate shall make "full and complete studies of all matters pertaining to the taxation by the States of income derived within the States from the conduct of business activities" in interstate commerce. The statute specifies that the committees shall report to their respective Houses on or before July 1, 1962.

After the enactment of Public Law 86-272, it was decided by the Committee on the Judiciary to delay commencement of the study until there had been an adequate opportunity to gain some experience with the operation of the substantive provisions of that statute. Consequently, the study was not begun until June 1961.

In the interim, problems arose relating to sales and use taxes similar to the State income tax problems which caused the enactment of Public Law 86-272. A number of bills were introduced, in both Houses, to impose restrictions on the power of the State to require the collection of use taxes. The complexity of the problems involved

and the interrelationship of the various forms of State taxation led Congress to amend Public Law 86-272 in 1961, to broaden the scope of the study from State income taxation alone to taxation of interstate commerce by the States generally. However, although the study was thus greatly enlarged, the time allotted for its completion remained the same, July 1, 1962.

In view of the fact that work was not begun until June 1961, and in view of the broadened scope of the inquiry, the July 1, 1962, reporting date will not allow the committee adequate time for the thorough study which this matter requires. Accordingly, this bill would extend the time for the filing of the report from July 1, 1962, to July 1, 1963.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

PUBLIC LAW 86-272 (73 STAT. 556)

\*            \*            \*            \*            \*            \*

SEC. 202. The Committees shall report to their respective Houses the results of such studies, together with their proposals for legislation on or before July 1, **[1962]** 1963.

