



COST Public Policy Objectives

COST's mission is "to preserve and promote equitable and nondiscriminatory taxation of multijurisdictional business entities." The COST Board of Directors has adopted the following public policy goals in furtherance of COST's mission.

- 1. COST will educate policymakers and the public regarding the state and local tax system and business' direct and indirect contributions to the state and local tax system. COST will further educate policymakers and the public regarding the state and local tax system's impact on business, jobs and investment.**

Policymakers and the public are often misinformed about the true nature of the state and local tax system and business' role in that system. In many cases, the difference between public perception and reality is due to a lack of objective, timely information about business' direct and indirect contributions to the state and local tax system. Businesses directly contribute to the state and local tax system through the taxes they pay. Businesses also directly contribute to the state and local tax system by collecting taxes from others on the states' behalf (e.g., consumer sales taxes and employee withholding taxes). Businesses contribute indirectly to the state and local tax system by investing capital and providing jobs. COST will endeavor, through economic studies, articles, public presentations and media interviews, to educate policymakers and the public about these issues.

- 2. COST will regularly evaluate the state and local tax system to determine whether the statutes, rules, legal decisions and policies governing tax administration are fair, efficient and customer-focused.**

COST has long been concerned with the perceived fairness of the rules and requirements for administration and appeal of state tax statutes. Why are these issues so important? Although state tax statutes and regulations are subject to audit scrutiny, the percentage of taxpayers actually audited is very small. As a result, our federal and state tax systems are premised, to a large degree, on voluntary compliance. It is a common truth that taxpayers will more fully and willingly comply with a tax system they perceive to be balanced, fair, and effective. The COST Scorecard is the current vehicle through which COST reports the results of its evaluation.

- 3. COST will work to improve tax administration where it is not fair, efficient and customer-focused. Wherever possible, COST will seek to partner on these efforts with the Federation of Tax Administrators, the Multistate Tax Commission, the National Conference of State Legislatures and other representatives of state and local governments.**

COST has historically worked to make state and local tax administration more fair, efficient and customer-focused. Such reforms frequently help both taxpayers and tax administrators, and are often best accomplished through partnership between taxpayers and tax administrators. A recent example of such a partnership is the Streamlined Sales Tax Project. If it is not possible to forge a taxpayer-tax administrator partnership on an issue deemed worthy of reform, COST will pursue reform on its own.