



STATE OF NEW YORK  
EXECUTIVE DEPARTMENT  
DIVISION OF THE BUDGET  
ALBANY, NY 12224

ELIOT SPITZER  
GOVERNOR

PAUL E. FRANCIS  
DIRECTOR OF THE BUDGET AND  
SENIOR ADVISOR TO THE GOVERNOR

December 27, 2007

Mr. Oren J. Teicher  
Chief Operating Officer  
American Booksellers Association  
200 White Plains Road  
Tarrytown, NY 10591

Dear Mr. Teicher:

Thank you for your letter concerning sales tax collection from online retailers with affiliates in New York.

As you know, the Department of Taxation and Finance made an interpretation of existing statute that maintained an e-commerce retailer should be required to register as a New York State sales tax vendor in certain circumstances. However, after reviewing the proposal and its potential for an immediate impact on the market place, the Governor requested a more comprehensive review of nexus standards before taking administrative action in this area.

We do understand the negative impact current nexus rules have had on all in-State retailers and the Governor has directed the Tax Department to continue to examine potential approaches to this problem. It was good to hear from you and I certainly would be happy to discuss this issue with you further as we develop a better approach to this complex area of the Tax Law. As you may have heard, I will become the Director of State Operations on January 1, and after that date can be reached at (518) 486-9871.

Sincerely,

Paul E. Francis