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Feature

EDITORIAL: Just say no to Internet sales taxes

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Feb. 26--When it comes to open markets with little government interference, the **Internet** is about as good an example as you can find. Information is freely available, with news and opinions from every side of an issue literally at our fingertips. Someone occasionally will hatch a plan to regulate what information is found online, but other than in repressive countries like China, such ideas gain little traction.

In the United States, government interference is more likely to be in the form of **taxes** on online retail **sales**. The latest battle in the fight to keep **Internet sales** free of taxation is being fought in New York, where Gov. Eliot Spitzer wants to **tax Internet sales** to New York residents.

The Spitzer plan would require **taxes** to be collected and turned over to the state by any online retailer that has at least one online agent in New York. According to The Associated Press, that person would be "basically someone who linked to a Web site and receives commissions for related **sales**."

Gov. Spitzer's office estimates the state is missing out on \$47 million in **sales taxes** on **Internet** purchases. With that kind of money at stake, it's no wonder New York wants in on the action.

In addition to the revenue, the state claims it's simply leveling the playing field for brick-and-mortar stores. "We're not asking Amazon to do anything that any New York vendor does not already do," said **Tax** Commissioner Robert Megna. That may be true, but the implications are bigger for Amazon and other online retailers if other states follow New York's lead. Online retailers would have to know the **tax** rates and payment requirements for any state that jumps on the bandwagon.

Brick-and-mortar stores also use the "level playing field" argument. They say customers find what they want in their stores, then order the products online and save on **taxes**. Yes, but to come out ahead, consumers must also find the product at a price that more than offsets the shipping costs.

More important, however, is that states don't have some natural right to a slice of their citizens' commerce, wherever it takes place. State **sales taxes** are imposed to help offset businesses' impact on infrastructure. Online retailers have no such impact. Granted, goods shipped to customers pass over state roads and highways, but shipping companies already pay **taxes** for that.

Internet sales taxes cannot be justified as anything other than a grab for revenue, and they could be what kills the **Internet** goose that lays golden eggs for consumers across the country.

Memo:

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