Discussions begin on what to do with online sales tax

JEFFERSON CITY, MO. (AP) — A U.S. Supreme Court ruling making it easier to collect online sales taxes could yield billions of dollars for state and local governments — if they decide to keep it.

Rather than spend the windfall on schools, prisons or other government services, some Republican governors and lawmakers are proposing to give it away in the form of tax cuts.

Wisconsin Gov. Scott Walker, running for re-election this year, has suggested the extra revenue could be used to expand tax breaks for seniors or households with children.

Nebraska Gov. Pete Ricketts, also on the November ballot, wants to put it toward property tax relief.

Some Kansas lawmakers are eyeing a reduction in the food sales tax.

The Tennessee House speaker wants to lower the state's 7 percent sales tax rate.

And a Missouri lawmaker plans to sponsor an individual income tax reduction to negate the sales tax expansion.

"To just take that revenue would be a tax increase," said Missouri Sen. Andrew Koenig, echoing the reasoning of tax-adverse many Republicans leery of simply spending or saving the expected influx.

The court ruled June 21 that South Dakota could enforce a law compelling many out-of-state businesses to collect taxes on sales made to its residents.

The ruling overturned a decades-old precedent stating that businesses without a physical presence in a state - like a store, office or warehouse didn't have to collect sales taxes on behalf of the state.

As online commerce

has grown, some large retailers such as Amazon already had begun collecting sales taxes for all 45 states that charge them.

But others with a physical presence in only a few places haven't been doing so.

How quickly that will change could vary by state.

In the past two years, 15 states have enacted laws attempting to require out-of-state com-

BIG GAINS

State and local governments stand to gain \$8 billion to \$13 billion annually by collecting taxes from all remote sellers, according to a report issued last fall by the Government Accountability Office.

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panies to collect sales taxes, according to the National Conference of State Legislatures.

In Tennessee, which ranks high in sales tax

islative leaders already are discussing ways to offset the anticipated surge in revenue with a new tax reduction.

"I think it's an opportu-

thing that I've wanted to do for some time now, which is lower our sales tax" rate, House Speaker Beth Harwell, who is running for governor, said

debate.

Edward **Jones**

MAKING SENSE OF INVESTING

Tennessee's Democratic gubernatorial candidates suggested the money could go toward higher pay for public school



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