

Amazon gathering anti-tax signatures outside retail stores

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Amazon.com Inc. is giving bricks-and-mortar retailers yet another reason to fume.

As the online giant begins its quest to overturn a new California law requiring it to collect sales taxes just like its Main Street competitors, it's sending signature gatherers to popular shopping areas to obtain the 500,000-plus signatures it needs to get the measure on next June's ballot.

Petition workers are swarming popular commercial hubs including Larchmont Village in Los Angeles, Colorado Boulevard in Pasadena and the Gaslamp Quarter in San Diego as well as Ralphs, Trader Joe's, Target and other major retailers - many of which have lost sales to [Amazon](#).

"It's a particularly clever shot across the bows" of the big-box stores, said Bill Whalen, a research fellow at the Hoover Institution at Stanford University and a former speechwriter for Republican politicians. "It says that 'not only do we intend to fight you in the court of public opinion, but actually we're going to come onto your front porch.' "

Signature gatherers have long been a familiar - if irritating - presence in malls and outside grocery stores and big-box retailers. The law gives these workers generous access to potential voters in commercial centers.

But that Amazon is using the foot traffic generated by conventional stores to fuel an effort to maintain its price advantage over them strikes some retailers as particularly egregious.

Sarah Hrejsa, manager of women's clothing boutique Hardwear on Larchmont, said a signature gatherer recently entered the store with a petition and pitch defending Amazon's position. She quickly shoed him on his way.

Collecting sales taxes is "something that we have to do," she said. "So I don't understand why (Amazon) can get away with not."

Retailers nationwide have complained for years that Amazon undercuts them by selling identical merchandise free of state and local sales taxes, which can amount to as much as 10 percent of the sales price.

The online giant has relied on a 1992 U.S. Supreme Court decision that said out-of-state companies were exempt from collecting taxes if they had no presence in the state, such as workers, stores or warehouses. Buyers are still responsible for paying equivalent taxes, but they rarely do.

Now several states have devised strategies to challenge Amazon's exemption.

California recently passed legislation aimed at requiring the Seattle retailer to collect sales taxes from its Golden State customers because the company had advertising affiliates and related operations here. Amazon so far has refused, choosing instead to take its case to California voters with a proposed referendum that would overturn the California law and preserve its tax-free sales model.

Amazon has hired a top California political campaign consultant, Goddard Claussen West in Sacramento, which brought on National Petition Management, a signature-harvesting firm. Its signature gatherers are independent contractors who typically earn \$1 to \$2 per name, though some are getting as much as \$3, according to Bill Dombrowski,

president of the California Retailers Association, which favors Internet sales tax collection.

As of July 29, Amazon reported contributing \$3 million to the More Jobs Not Taxes referendum campaign. Dombrowski predicted the company would spend between \$10 million and \$20 million on the referendum campaign, which urges voters to repeal the online sales tax collection law.

"They've taken every step imaginable to try to avoid complying with law," Dombrowski said of Amazon. "They appear to be going all out to preserve their business model."

Bricks-and-mortar retailers and their allies, meanwhile, are defending the law. They're waging a public relations blitz that's sending out frequent news releases critical of Amazon as it collects the signatures before a Sept. 27 deadline. But the really big-money battle is yet to come. If the referendum qualifies for the ballot, which many retail industry veterans believe will happen, they're prepared to spend millions for television, radio and direct mail advertising to counter Amazon.

Meanwhile, early electoral skirmishes are breaking out in places such as Colorado Boulevard in Pasadena. On a recent Saturday, the corridor was packed with shoppers when a signature gatherer made his way through the crowd, waving a petition in the air and repeatedly shouting, "Stop the Amazon tax! Stop online sales [tax](#)!"

When approached by a reporter, the signature gatherer refused to give his name, saying he was afraid of getting in trouble. A glance at his petition showed he had collected 10 signatures in about three hours; he said his usual rate was 12 signatures per hour.

Amazon's political consultants said they expect their referendum to

easily qualify for the ballot. Nevertheless, their top referendum specialist, Chip Nielsen, said he's troubled by a labor-union-sponsored effort to scare registered voters by telling them they could become victims of identity theft if they sign a petition.

A group calling itself Californians Against Identity Theft has been running 60-second radio advertisements in Los Angeles, San Diego and Sacramento, warning about the risk of theft. The State Building & Construction Trades Council of California is listed on legal filings as a sponsor of the group.

The advertising is aimed at thwarting a different proposed initiative, one that would make it harder for labor unions to spend money on political activities. But the effort, said Amazon lawyers, could also affect Amazon's petition drive.

The California secretary of state's office is "not aware of any identity theft cases that grew from circulating petitions," spokeswoman Shannan Velayas said.

Good-government advocates and initiative experts said they were shocked by the effort to deter voters from signing petitions.

"I'm outraged by the idea that you stop people from participating in politics when it's their government," said Shaun Bowler, an initiative expert at the University of California-Riverside. "This is such an outrageous claim for them to make."

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