

Amazon.com sales-tax issue taken up by Congress

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Congress is weighing into the roiling dispute between states and giant Internet retailer Amazon.com over collecting sales taxes on online purchases.

On Friday, Sen. Dick Durbin, D-Ill., is expected to introduce legislation that would require Internet-only retailers to add sales taxes to customers' bills, just as their competitors with brick-and-mortar stores do. Rep. John Conyers, D-Mich., plans to introduce a similar measure in the House.

The congressional effort is aimed at closing a legal loophole created by a 1992 U.S. Supreme Court decision that freed online and catalogue sellers from the obligation of collecting the sales tax if their businesses had no physical presence in the state where a buyer lives.

"Government shouldn't be picking winners and losers by giving a handful of companies a competitive advantage over everyone else," said Katherine Lugar, vice president of the Retail Industry Leaders Association. The Arlington, Va., trade group includes major national chains including Wal-Mart Stores Inc., Target Corp. and Best Buy Corp.

Introduction of the Durbin bill comes as California and other large states, such as New York, Illinois and Texas, are attempting to enforce new laws that would require Amazon and major electronics retailers to collect billions of dollars in sales taxes that are legally owed to the states. Seattle-based Amazon is suing to overturn New York's law and has

started a referendum campaign aimed at invalidating a California statute that took effect on July 1.

Amazon has said it will not collect sales tax on purchases by California customers. But the company on Friday wrote to Durbin and Conyers saying it would support a national effort to create "a simple, nationwide system of state and local sales-tax collection, evenhandedly applied to all sellers, no matter their business model, location or level of remote sales."

States have been working on a federal solution to the Internet sales-tax collection for more than a decade, said Neal Osten, director of the Washington office of the National Conference of State Legislatures. As [Congress](#) and the president struggle to cut the federal budget deficit and reduce support for state-run programs, collecting every dollar from the sales tax is a high priority for local leaders that "will not raise one dollar in new taxes," he said.

Osten said there is bipartisan support for the so-called Main Street Fairness Act, which would require states to sign a "Streamlined Sales and Use Tax Agreement" before they could require retailers to collect the Internet sales tax.

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