

Arkansas bill aimed at forcing Amazon to collect sales taxes

February 2 2017, by Andrew Demillo

Forcing Amazon and other e-commerce companies to collect Arkansas sales taxes could generate up to \$100 million annually in extra revenue, a senator said Wednesday, arguing his plan would put the state in a better position to enact deeper tax cuts in two years.

The Senate Revenue and Taxation Committee on Wednesday advanced a proposal that would require out-of-state companies with no physical presence in the state to collect the tax if they sell more than \$100,000 worth of products or make at least 200 transactions. Arkansas is one of a handful of states where Amazon doesn't have a distribution center or office and doesn't collect sales taxes.

The proposal is modeled after a 2016 law in South Dakota, where officials last month said Amazon had agreed to begin collecting state and local sales taxes on purchases. It advanced shortly before Republican Gov. Asa Hutchinson signed into law his plan to cut [income taxes](#) by \$50 million and to form a task force that will recommend deeper cuts before the 2019 session. The Republican lawmaker behind the bill estimated it could bring in between \$32 million and \$100 million annually to the state.

"The revenue, I think in light of the [task force](#), would be important in allowing us to have some cushion to lower taxes in the future," Republican Sen. Jake Files told reporters after the vote.

Hutchinson stopped short of saying whether he supports Files' proposal,

but said added sales tax revenue from online purchases could help pay for additional income tax cuts.

"My commitment is if we have a significant infusion of new money from the e-fairness initiative, then that needs to be put in a lockbox for income tax reductions," Hutchinson told reporters after signing the income tax cut legislation.

Files said his focus has been primarily on leveling the playing field for brick-and-mortar stores that collect the tax and are losing business to online retailers.

"A lot of places, (customers) are going in and touching the product and dealing with the salesman and then they're buying it in their car," Files said.

Amazon did not immediately return a call or email seeking comment Wednesday. The proposal goes before the full Senate on Thursday.

Arkansas' proposal follows last year's U.S. Supreme Court ruling that rejected a challenge to a Colorado law requiring online sellers to notify customers about how much they owe in taxes. Colorado officials had estimated they were missing out on as much as \$172.7 million a year.

To avoid collecting taxes, Amazon has historically relied on another high court ruling that predates the era of online shopping. That 1992 decision bans states from forcing out-of-state retailers to collect taxes if they don't have a [physical presence](#) in the state. But the company has shifted recently, with Amazon this winter collecting sales taxes in at least 10 states where it hadn't previously.

Files is the proposal is aimed at either getting Amazon to voluntarily collect the tax or to prompt the high court to reconsider its ruling..

The move faces resistance from conservative groups, who questioned the constitutionality of Files' measure.

"Absent congressional action, states do not have the power to force remote sellers to collect and remit [sales taxes](#)," said David Ray, the Arkansas director for Americans for Prosperity. "The last thing Arkansas taxpayers need is a tax bill slipped into their online shopping cart."

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Citation: Arkansas bill aimed at forcing Amazon to collect sales taxes (2017, February 2)
retrieved 20 April 2024 from
<https://phys.org/news/2017-02-arkansas-bill-aimed-amazon-sales.html>

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