

Supreme Court Ruling on Taxing Internet Sales Supports Findings of Long Island Regional Planning Council's Tax Alternatives Study

Last week's Supreme Court decision supporting collection of sales taxes from Internet sales could be an important revenue source for Long Island, according to Richard Guardino, Executive Director of the Long Island Regional Planning Council (LIRPC), the only planning body representing both Nassau and Suffolk counties.

In fact, the Council's Property Tax Alternatives Study, released earlier this year, estimated that Nassau and Suffolk Counties lose a combined \$92 million a year in revenue from internet sales where no sales tax is collected.

"Our Tax Alternatives Study concluded that the loss of sales tax revenue to internet sales was not only a loss of significant revenue to local governments, but also unfair competition to our brick and mortar retail, which form a substantial component of Long Island's commercial tax base," said John Cameron, Chairman of the LIRPC, which serves as a catalyst for action by proposing immediate and long-term, implementable solutions for issues of regional concern. "To put internet sales on a level playing field with our downtown and local retail helps not just our tax revenues but also our tax base."

"The Council continues to actively fight for a more affordable Long Island for present and future generations. This decision allows states to hold the out-of-state sellers responsible to collect and remit this existing tax. Long Island's numerous Chamber of Commerce leaders have long advocated for this change to eliminate the online retailers' arbitrary advantage over local businesses that pay property taxes, state income taxes and collect the sales tax," said Richard Guardino.

In its five-to-four decision last week, the Supreme Court ruled that states can make online businesses collect sales tax even if they don't have a physical presence in that state. This ruling overturns the 1992 decision from the Quill Corp. v. North Dakota case, which ruled that companies need to have a physical connection with a state for that state to require that company to pay taxes. This ruling is a victory for state and local governments as well as local retailers, who have long argued that their online counterparts enjoyed an unfair advantage because they didn't have to charge customers local sales tax.

Recognizing the need to reduce our region's reliance on property taxes to fund local services, the Council commissioned the Property Tax Alternatives Study to analyze and encourage new strategies that could shift hundreds of millions of dollars from the burden currently borne by homeowners, said Cameron. The study provides several possible alternative revenue sources

that could start the process of making material reductions in local property taxes. One alternative was the collection of internet sales tax.

The complete report is available at www.lirpc.org, click on "Tax Alternatives for Long Island" on the home page.