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Sales and use taxes in Clark County and potential implications of the Internet sales tax moratorium

Patrick Timothy Collins Smith
University of Nevada, Las Vegas

SALES AND USE TAXES IN CLARK COUNTY AND POTENTIAL IMPLICATIONS OF THE INTERNET SALES TAX MORATORIUM

by

Patrick Timothy Collins Smith

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ABSTRACT

SALES AND USE TAXES IN CLARK COUNTY AND POTENTIAL IMPLICATIONS OF THE INTERNET SALES TAX MORATORIUM

by

Patrick Timothy Collins Smith

Dr. Lee Bernick, Examination Committee Chair
Department Chair and Professor of Public Administration
University of Nevada, Las Vegas

Sales taxes have been a much-depended on source of revenue for local governments since the early part of the 1900's. Southern Nevada local governments rely relatively heavily on sales and use taxes for a source of income. In 1998, the United States Congress passed an Act that imposed a moratorium on Internet sales tax collection until October 2001. With the explosive growth in Internet sales, the issue of the failed collection of an Internet sales tax has come to the forefront of local government finance discussions.

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Introduction

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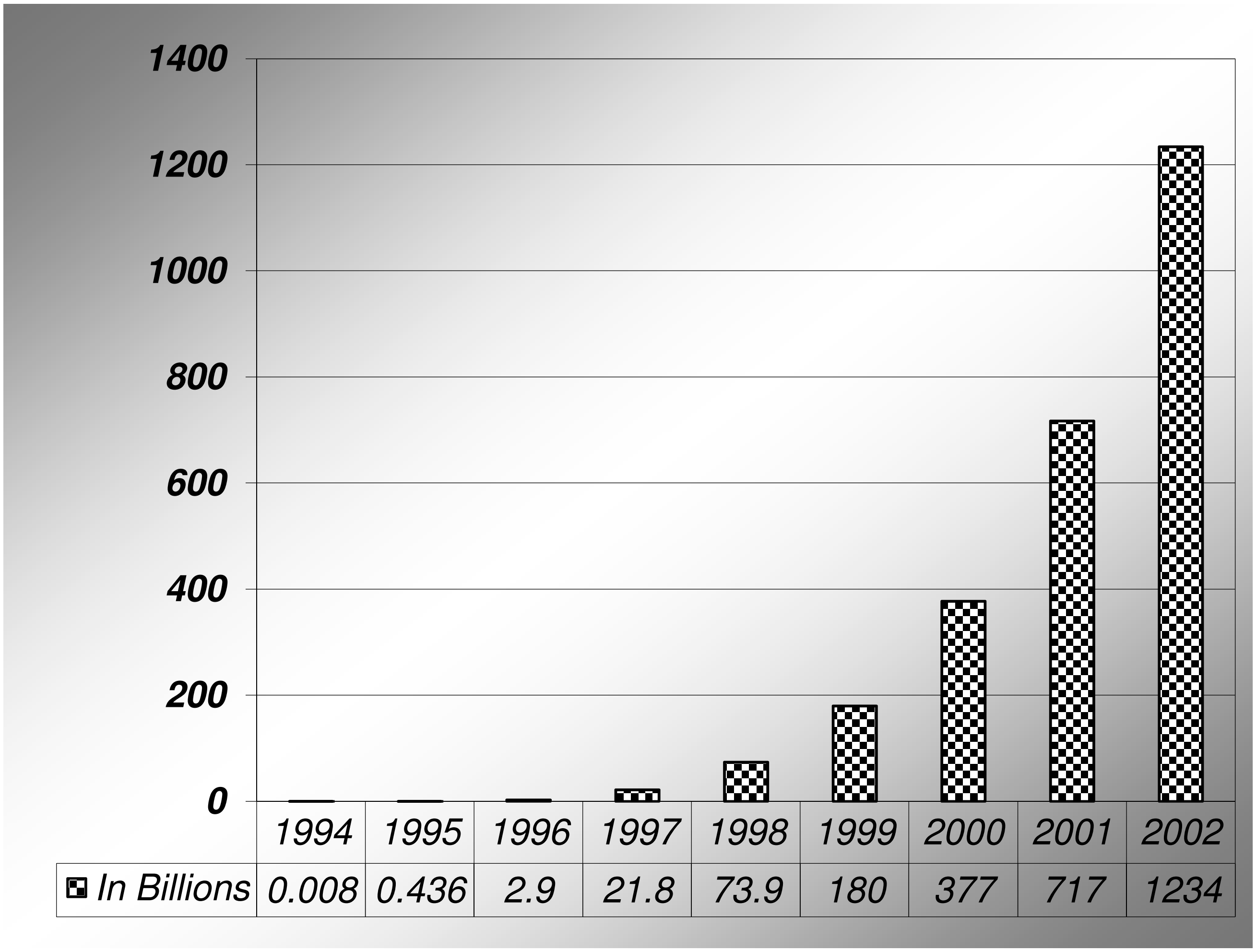
During the past several years, the Internet has experienced exponential growth. It is estimated that there are over 370 million people worldwide that are "on-line" with over 160 million of those people in the United States and Canada (N.U.A. Internet Surveys [N.U.A.], How Many, 2000). With this explosive growth of Internet use, there has also been a large increase in Internet-generated sales.

"E-commerce" is defined in the Internet Tax Freedom Act as being "any transaction conducted over the Internet or through Internet access, comprising the sale, lease, license, offer, or delivery of property, goods, services, or information whether or not for consideration, and includes the provision of Internet access" (Advisory Commission on Electronic Commerce [A.C.E.C.], 7, 2000). It is estimated that there will be over $1 trillion in Internet-generated sales in 2002, up significantly from only $500 million in 1995 (N.U.A., Internet Generated, 2000).



Source: N.U.A., Internet Generated Revenue

There has been much concern over the issue of the inability of state and local governments to collect sales taxes on e-commerce transactions. In October of 1998, Congress passed the Internet Tax Freedom Act (I.T.F.A.). This act imposed a three-year moratorium on new state and local taxes on Internet access and e-commerce. This moratorium could have significant impacts on communities that are heavily dependent on sales tax revenue as a portion of their overall budget.

First introduced in early 1997 by U.S. Representative Christopher Cox (R-CA) and Senator Ron Wyden (D-OR), the I.T.F.A. went through many changes before finally being approved (U.S. Cong., Plain English Summary, 1, 1998). After a year of negotiations with state and local leaders, as well as industry representatives, Rep. Cox held a news conference to announce that the National Governors' Association, the National Conference of Mayors, and the National League of Cities would support the new, updated legislation (Cong., Plain English Summary, 1, 1998). This amended bill initiated a 3-year moratorium on special taxation of the Internet. The bill also created a special commission to study the issue of Internet taxation. The Advisory Commission on Electronic Commerce met four times and presented a report to Congress in April of 2000 (A.C.E.C., Report to Congress, 2000). The commission's report recommended a ban of federal taxes and a declaration that the Internet should be tariff-free. President George W. Bush's agenda includes an extension of the Internet sales tax moratorium until 2006 (http://www.foxnews.com/politics/100days/stories/issues. htm#8).

The purpose of this paper is to examine sales and use taxes and determine is the Internet Sales Tax Moratorium will present any implications on sales tax revenues. This paper was created using the following:

1. A review of sales and use tax, specifically in Clark County, Nevada;
2. Research and analysis of data received from the Nevada Department of Taxation;
3. A model was formed using the above-mentioned data to forecast possible intrusion of the Internet sales tax moratorium on Clark County Sales/Use tax revenues.

Sales and Use Taxes

Sales taxes date back to ancient Greece where taxes were collected on items sold in markets (Oster, 8, 1957). The Romans had several sales taxes- from goods sold at auctions to a sales tax on slaves (Oster, 8-9, 1957). The sales tax was brought to Europe by the Romans, where it stayed after they vacated the area (Oster, 9, 1957). Sales taxes were implemented and repealed variously throughout Europe for many centuries (Oster, 9, 1957). In the early 1900's, the only sales tax that existed globally was found in Mexico and the Philippine Islands (Oster, 9, 1957).

Sales taxes are generally authorized by state legislation or by home rule charters (Aronson, 232, 1996). American local sales taxes started to be collected in the 1930's as a solution to the reductions in revenues that entities were realizing due to the Great Depression (Aronson, 232, 1996). Oster reports that twenty-four states implemented sales taxes between 1933 and 1935 (22, 1957). From 1970 to 1990, the median state sales tax increased from 3.25% to 5% and seventeen states had rates at or above 6% (Bruce, 4, 2000).

The number of states collecting sales taxes more than doubled from 1963 to 1970 (Aronson, 232, 1996). By 1992, sales tax revenues accounted for $23 billion (Aronson, 233, 1996). Nationwide, general sales tax receipts generally account for 8% of revenues for local governments (Aronson, 243, 1996).

Aronson points out that sales taxes have five significant features (234-235, 1996). First, all general sales taxes are *ad valorem* taxes as opposed to "per unit" taxes. This means that the sales taxes are applied as a percentage of the value of the sale rather than the amount of items in the sale. Examples of per unit taxes would be alcohol, tobacco, and gasoline sales. The second feature of sales taxes is that the tax is levied on retail purchases. Aronson sates that these taxes are often called the "consumers' sales tax" (234, 1996). The third feature of sales taxes is that the tax is collected and calculated by the business regardless of how profitable the business entity is. Unlike income taxes, sales taxes do not take into account the financial condition of the business or consumer. Regarding this, Aronson states, "the tax is frequently criticized for being both horizontally inequitable (failing to treat equally persons or families having the same incomes) and vertically inequitable (failing to discriminate appropriately among those having unequal incomes)" (Aronson, 234, 1996). The fourth feature of sales taxes is that sales tax, gross proceeds, and license and occupation taxes may be related to sales and these can be channeled on to the consumer. As discussed below, the fifth and final feature that Aronson points out is the most important issue in terms of this paper.

While the liability for the sales tax is incurred when the purchase is made, there is a need to determine tax *situs* (Aronson, 235, 1996). *Situs* is the location of the tax liability; that is, does the tax revenue from the purchase go to the location of where the purchase was made, or where the goods are to be delivered? While *situs* is the location of the tax, the crux of this issue is the tax *nexus*, or the link to where, geographically, a tax should go from an Internet transaction. Approximately one-half of the 31 states with such taxes put the liability on the point of purchase, rather than point of delivery during the 1990's (Aronson, 235, 1996). Bruce and Fox comment, "every state with a sales tax imposes a use tax on remote purchases, effectively intended to convert the overall tax structure to a destination basis" (Bruce, 3, 2000). Sales tax and use tax are essentially the same. While sales tax is collected at the retail location, "Use tax is imposed on tangible personal property purchased for

> ***Situs*:** the place where something exists or originates; *specifically*: the place where something (as a right) is held to be located in law.
> ***Nexus*:** the act of connecting: the state of being connected.
> (Source: Merriam-Webster Dictionary)

storage or use in Nevada on which Nevada sales tax was not paid at the time of purchase" (Nevada Department of Taxation, Sales and Use Taxes, 2001). Use tax is a counterpart to sales tax and is intended to collect revenues that are not able to be collected through a retail environment.

A look at relative legal decisions on the issue of an Internet sales tax leads one to *Quill vs. North Dakota*. This case involved a Delaware-based office equipment and supply company and the State of North Dakota (U.S. Supreme Court, 1992). The Court ruled that only companies that maintained a physical presence in the state could be liable to pay state use taxes. Bruce and Fox state, "As a result [of the ruling], the use tax frequently relies on voluntary compliance, which is very limited for individuals except for a small set of commodities such as automobiles and boats that must be registered" (Bruce, 3, 2000).

Internet Taxation

This chapter will examine what has been written about the issue of Internet taxation and discuss some of the proposals.

Bruce and Fox claim that "the revenue losses from e-commerce generally arise because e-commerce significantly expands the potential for remote sales causing a shift from collecting sales taxes at the point of sales to collecting use taxes for goods used, consumed or stored in the state" (Bruce, 7, 2000). The National League of Cities (N.L.C.) has proposed a "Streamlined Sales Tax System for the 21st Century" which lays out short-term and long-term solutions to the Internet sales tax issue (N.L.C., 1, 2000). The short-term solution, titled "Create a zero burden system over the next 2-5 years," outlines a voluntary system that would provide for a simple and streamlined mechanism for tax collection (N.L.C., 1, 2000). One significant aspect of the short-term solution is that the state and local governments would be responsible for all costs associated with collecting the tax. The N.L.C. included the following nine *verbatim* characteristics of such the proposed system:

1. Eliminate the burden for firms to collect state and local sales taxes.
2. Maintain the current definitions of nexus for all state and local governments (i.e., there is no intent to expand or contract the definition of nexus).
3. Simplify the current system of exemption administration through a combination of changes in state laws, standardized administrative procedures, and technology.
4. Enact this system by the states and not request any action by the federal government to compel sellers to collect.
5. Offer this system in a phased-in approach to all sellers on a voluntary basis.
6. Eliminate costs of compliance, tax returns and payments, and tax audits.

7. Eliminate tax rate monitoring and implementation, and eliminate record-keeping requirements for sellers.
8. Eliminate any requirement for sellers to police the intent or status of purchasers asserting special exemptions.
9. Eliminate risks (bad debts, audit liabilities, etc.) for seller exercising reasonable care (no negligence or fraud) (N.L.C., Streamlined Sales Tax System, 1-2, 2000).

The N.L.C. suggests that the process for this short-term solution should take 18 months. A very important point is made regarding both the short-term and long-term components: the new streamlined, software-based system for tax collection should be available for all merchants, including “brick-and-mortar” retailers (2, 2000).

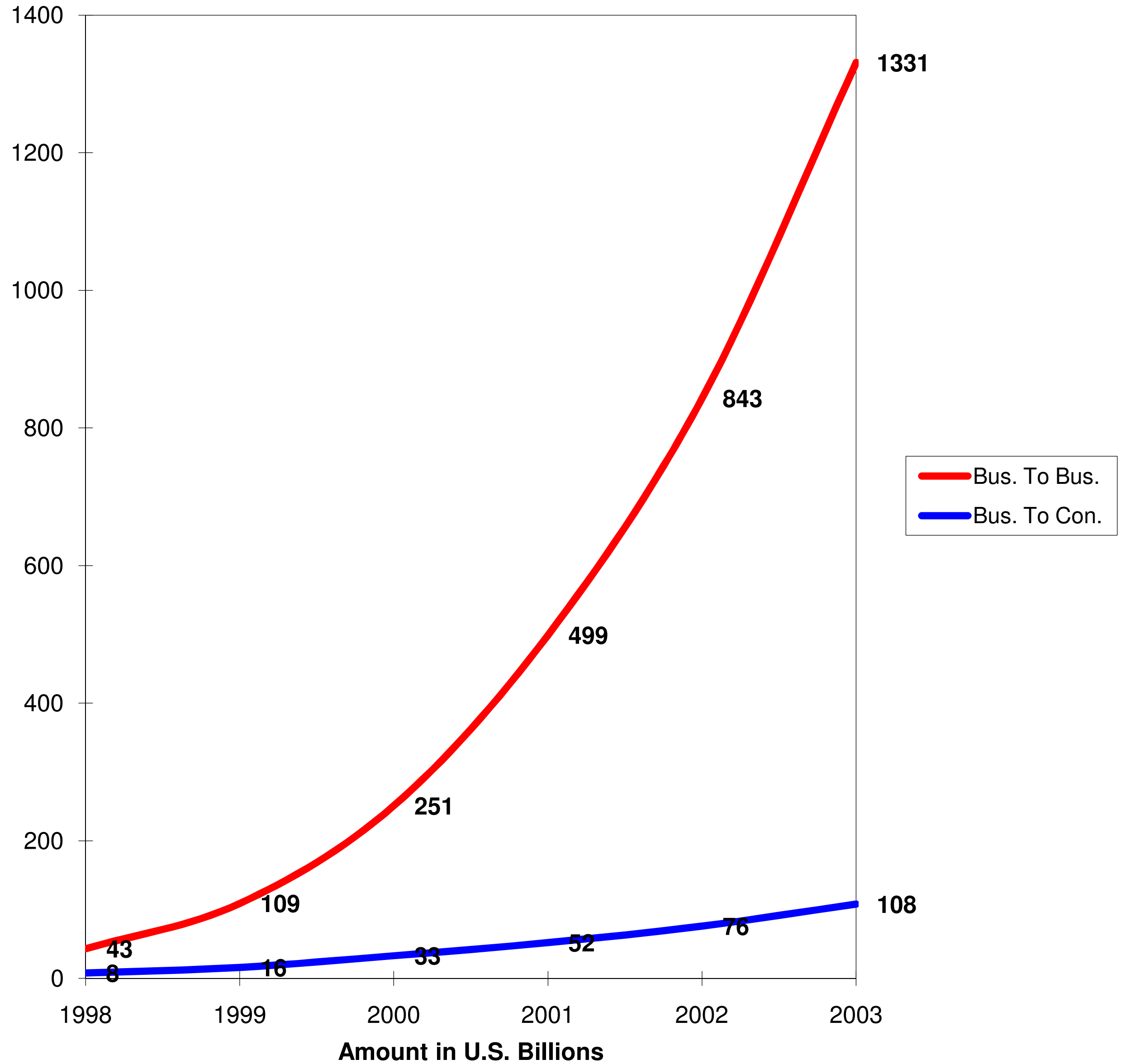
The long-term solution is entitled, “Adopt a completely unified system over the 6-8 year time period” (N.L.C., Streamlined Sales Tax System, 2, 2000). The N.L.C. states, “while the first step will simplify and streamline the current system, the second step, or ultimate goal, is for all state and local governments to adopt the same classification systems, definitions, and audits” (Streamlined Sales Tax System, 2, 2000). The N.L.C. suggests that the best long-term solution will be a nationwide, uniformed system that is made up of voluntary participant states (Streamlined Sales Tax System, 2, 2000). The N.L.C. also suggest that states not participating in the program by a specified date should not be allowed to participate until they adopt and implement the unified system (Streamlined Sales Tax System, 2, 2000).

It should be noted that the N.L.C. has made electronic commerce equity its top priority on its five-point action agenda (N.L.C., Action Agenda, 1, 2000). The N.L.C.’s Board of Directors created this agenda on March 11, 2000 (N.L.C., Action Agenda, 1, 2000). The N.L.C. outlines four strategies to achieve the goal of electronic commerce equity:

1. Support legislation that will protect “Main Street” businesses from unfair competition.
2. Oppose any federal action that usurps state and local authority to maintain revenue for citizen services.
3. Oppose any federal action to extend or make permanent the existing moratorium on new taxes on the Internet.
4. Support joint state and local efforts to develop fair and equitable sales and use tax collection strategies (N.L.C., Action Agenda, 1, 2000).

Probably the most comprehensive and relevant information that has been written regarding Internet sales tax issues is the report written by the Advisory Commission on Electric Commerce (A.C.E.C.). The A.C.E.C. report is very detailed and covers a great deal of important information. Business-to-business sales are expected to dominate e-commerce activity, representing 90.3% of the 2003 total according to Bruce and Fox (9, 2000). The report estimates that business-to-business sales will grow from $43 billion in 1998 to $1.3 trillion in 2003. This number will account for almost 10% of all business-to-business sales, both physical and e-commerce sales. Since these transactions usually fall under state and/or local scrutiny and are subject to audits, business-to-business sales transactions will pay the appropriate sales tax on the transaction. This is in contrast to a business-to-consumer transaction where the onerous is on the consumer to pay the tax. The report states, “business-to-business Internet sales pose fewer issues regarding sales or use tax collection due to higher compliance rates resulting from audits by taxing authorities” (13-14).

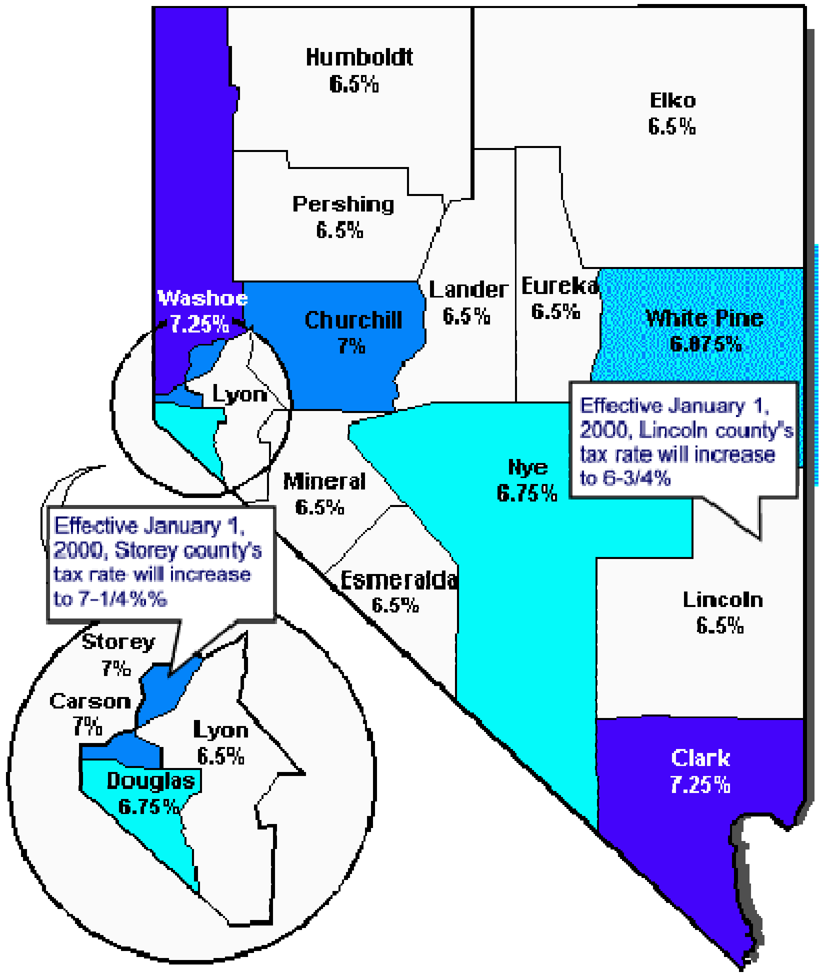
At a state level, there is much ongoing discussion about the impacts to state sales tax revenues. A University of Tennessee study is estimating that Nevada could lose as much as $191 million by 2003 from the Internet Sales Tax Moratorium (Bruce, 13, 200). It is estimated that $60 million of the $191 million would have gone to the state (Vogel, 2000). Sales tax provides 37% of the state's budget (Ryan, 2001). The issue is expected to be addressed during the 2001 session of the legislature (Vogel, 2001). "It is critical to protect state sovereignty. This is where Nevada gets our money and we need to protect it," Nevada State Assemblyman David Goldwater, D-Las Vegas said (Vogel, 2001). Nevada Governor Kenny Guinn has also entered into the discussions. Staff members of the Governor have stated that the Governor supports closing what he refers to as a "sales tax loophole" (Ryan, 2000). "The state is entitled to this. This is not a new tax," commented Guinn's spokesperson (Ryan, 2000).



Source: N.U.A. US E-commerce

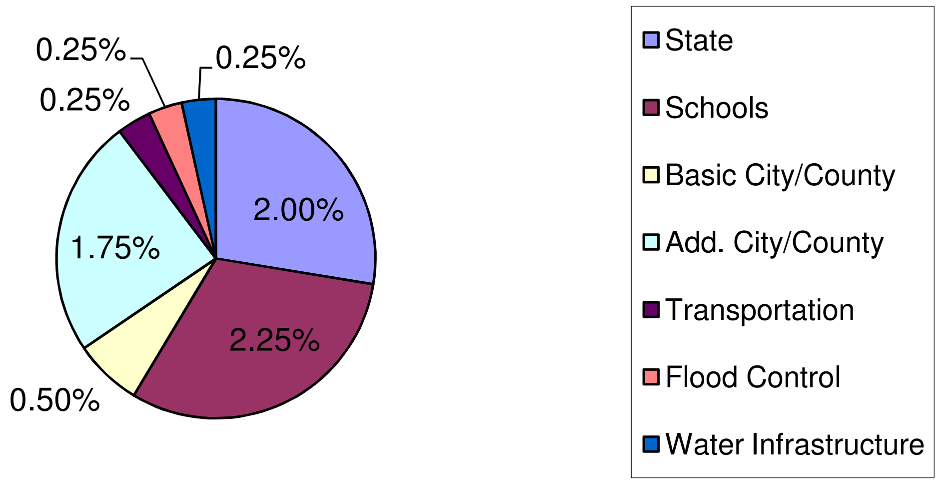
Another important aspect that was addressed by the Report to Congress by the A.C.E.C. was what is referred to as the "digital divide." With the exponential growth in the use of the Internet for business, academic, social, and recreational uses, there have been many segments of the society that have been left out of this growth. "Digital divide" is defined in the Report as "the disparity between individuals with access to hardware, infrastructure, and information and those with such access. This disparity may result from economic, geographic, educational, age, and cultural differences" (48, 2000). For example, Goolsbee and Zittrain state that "the average Internet user has almost two more years of education and $22,000 more family income that the average nonuser" (420). This presents important implications regarding tax parity for local governments. With the current moratorium on Internet taxes, only those who have access to the Internet can reap these tax savings. If those individuals who really benefit from these savings do not have access to them, then this presents even more of a disparity between these different groups of people. The report even goes as far to say "the 'digital divide' [is] one of the most challenging social problems America faces in this new century" (33, 2000).

Findings



In 1955, the State of Nevada Legislature passed the Sales and Use Tax Act that implemented Nevada's first sales and use tax (Nevada Taxpayers Association [N.T.A.], 76, 1997). Sales tax rates in the State of Nevada vary from county to county. Clark County, which encompasses most of Southern Nevada, has a sales tax rate of 7.25%. The 7.25% sales tax rate is allowed by various measures passed by the Nevada State Legislature. The following is a breakdown of that 7.25% and where the revenues are allocated:

Clark County Sales Tax Components



Locally, the City of Las Vegas relies heavily on the sales tax as a source of revenue. This is because Nevada has no state income tax and property taxes are relatively low. In 1981, primary revenue sources of local governments shifted from property taxes to sales taxes (Nevada Taxpayers Association, 71, 1997). Also, gaming taxes provide for a significant source of revenue, as well. Sales tax revenues in the city of Las Vegas account for 33.9% of the city's total budget (Vincent, 2000). One important aspect of the Clark County sales tax is that it is somewhat "exportable". That is, with the 30 million visitors that visit Southern Nevada each year, a portion of the sales tax burden is placed on visitors, not just Southern Nevada residents. The following charts and graphs were developed as a model to project potential sales tax revenue losses from the Internet Sales Tax Moratorium.

From the pie chart above, one can see that Clark County and Cities therein receive 2.25% (1.75% + .50%) of the 7.25% sales tax. The following chart shows the taxable sales and tax revenues (2.25%) from the period of 1995 to 2000 for Clark County:

Year	1995	1996	1997
Sales	$ 12,880,134,432	$ 14,692,459,577	$ 16,476,941,732
Sales Tax	$ 289,803,025	$ 330,580,340	$ 370,731,189
Year	**1998**	**1999**	**2000**
Sales	$ 17,653,410,961	$ 19,920,297,776	$ 21,244,373,392
Sales Tax	$ 397,201,747	$ 448,206,700	$ 477,998,401

Source: Nevada Department of Taxation

One can clearly see that there have been significant increases in taxable sales in the past few years in Clark County. A simple average of the increases equates to 9% from 1995 to 2000. A more responsible number is an annual percentage rate (APR) and that number equates to 10.5% (M. Vincent, personal communication, March 21, 2001). The following chart shows projections for both average and APR:

	2001	2002	2003
APR	$ 23,475,032,598.16	$ 25,939,911,020.97	$ 28,663,601,678.17
Mean	$ 23,156,366,997.28	$ 25,240,440,027.04	$ 27,512,079,629.47

Source: Nevada Department of Taxation

Not all sales tax revenues are victim to the Internet sales tax moratorium. For example, it is unlikely that someone would buy heavy construction equipment or aircraft (although these items may already be exempt for economic development reasons [N.T.P.A., 88, 1997]) over the Internet. Additionally, twenty-seven states exempt food for consumption at home (Bruce, 9, 2000). In 1979, Nevada voters approved an amendment to exempt food for consumption at home from sales tax. There are close to 100 categories that are listed for sales and use taxes (see Appendix "B" for full list of categories). For the purpose of this document, the following were selected as being somewhat vulnerable to intrusion[1] from the Internet sales tax moratorium:

- Tobacco Products
- Apparel & Other Finished Product

[1] *Intrusion* is the potential loss felt to sales taxes by the Internet Sales Tax Moratorium.

- Furniture & Fixtures
- Leather & Leather Product
- General Merchandise Stores

- Apparel & Accessory Stores
- Home Furniture & Furnishings
- Miscellaneous Retail

The following chart displays taxable sales and sales tax revenues (2.25%) for each of these areas of sales in Clark County:

	1995	1996	1997
Tobacco Products	$ 298,137	$ 2,845	$ 250,733
Apparel & other finished Product	$ 1,147,519	$ 1,232,421	$ 1,155,286
Furniture & Fixtures	$ 16,210,073	$ 24,084,123	$ 22,869,499
Leather & Leather Products	$ 292,217	$ 286,375	$ 454,795
General Merchandise Stores	$ 964,915,367	$ 1,014,380,163	$ 1,084,097,858
Apparel & Accessory Stores	$ 590,040,401	$ 651,540,922	$ 724,774,439
Home Furniture & Furnishings	$ 703,461,894	$ 783,295,242	$ 899,524,969
Miscellaneous Retail	$ 1,358,294,160	$ 1,519,303,423	$ 1,790,378,651
Sales Tax Revenue to Clark County	$ 81,779,890	$ 89,867,869	$ 101,778,935
	1998	**1999**	**2000**
Tobacco Products	$ 829,713	$ 836,771	$ 786,358
Apparel & other finished Product	$ 1,182,466	$ 896,429	$ 1,149,982
Furniture & Fixtures	$ 25,689,972	$ 42,461,639	$ 23,153,772
Leather & Leather Products	$ 221,197	$ 244,977	$ 113,730
General Merchandise Stores	$ 1,298,148,736	$ 1,543,509,147	$ 1,745,844,314
Apparel & Accessory Stores	$ 867,961,006	$ 968,315,531	$ 1,035,340,086
Home Furniture & Furnishings	$ 941,875,037	$ 1,144,790,705	$ 1,201,532,462
Miscellaneous Retail	$ 1,932,838,521	$ 2,171,616,824	$ 2,436,725,248
Sales Tax Revenue to Clark County	114,046,799.58	132,135,120.52	145,004,533.92

Source: Nevada Department of Taxation

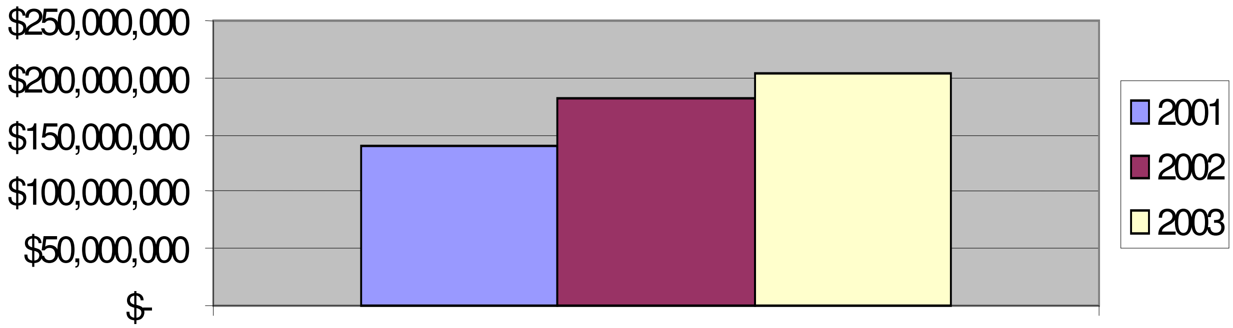
The next chart projects the taxable sales for the identified areas of possible intrusion to 2003 using the same method a described previously. This was done by using APR (10.5%) projected over 2001 through 2003.

	2001	2002	2003

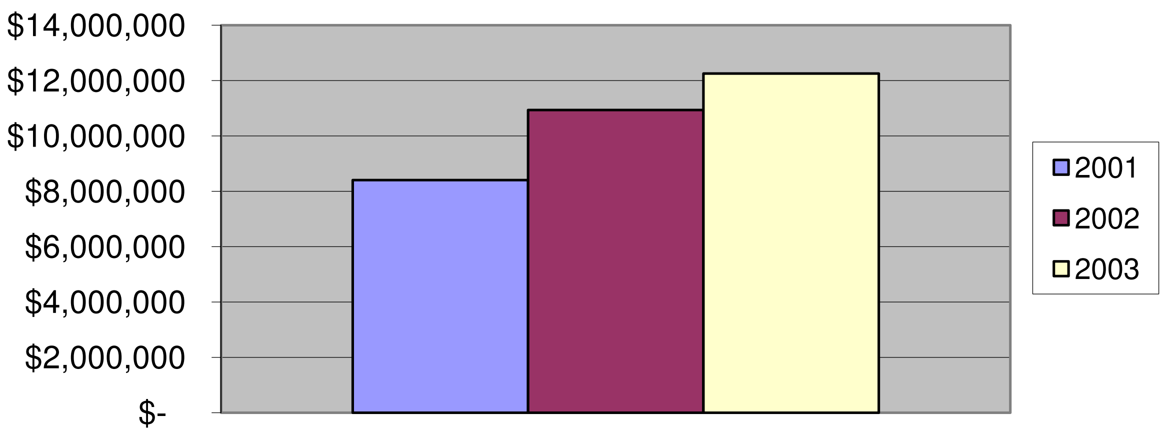
Tobacco Products	$ 881,507	$ 988,170	$ 1,107,738
Apparel & other finished Product	$ 1,289,130	$ 1,445,114	$ 1,619,973
Furniture & Fixtures	$ 25,955,378	$ 29,095,979	$ 32,616,593
Leather & Leather Products	$ 127,491	$ 142,918	$ 160,211
General Merchandise Stores	$1,957,091,476	$2,193,899,545	$2,459,361,389
Apparel & Accessory Stores	$ 160,616,236	$1,301,050,801	$1,458,477,948
Home Furniture & Furnishings	$1,346,917,890	$1,509,894,955	$1,692,592,244
Miscellaneous Retail	$2,731,569,003	$3,062,088,852	$3,432,601,604
Total	**$6,224,448,111**	**$8,098,606,334**	**$9,078,537,700**

The following graph shows potential sales tax revenue (2.25%) for the total of the above chart.

This was computed by multiplying the taxable sales predictions by 2.25%.



The next chart displays a 6% possible intrusion of the Internet sales tax moratorium on the potential sales tax revenues for Clark County. The 6% rate has been a figure that Southern Nevada local governments have been looking at for an expected rate of intrusion (M. Leavitt, personal communication, November, 2000). This was computed by multiplying 6% with the



sales revenue predictions for Clark County in the years 2001 through 2003:

One can assume that it is projected for Clark County and Cities therein to lose approximately $32 million in sales tax revenue from 2001 to 2003 because of the Internet sales tax moratorium. This assumption is based on a 6% intrusion rate of the affected taxable sales categories (as noted earlier). To put this number in perspective, the fiscal year 2001 budget for City of Las Vegas Leisure Services Programming (cultural and recreation) and Park Maintenance is approximately $30 million. Appendix "C" displays the full worksheet for a 6%, 10%, and 15% intrusion. Not only would Clark County be affected, but an intrusion would present implications to several other agencies. As noted before, sales tax funds other area of public service. The following chart shows a total breakdown of the 7.25% sales tax in Clark County:

Percent	Description	Agency
2.00%	State Sales Tax	State General Fund
2.25%	Local School Support Tax	Clark County School District
0.50%	Basic City-County Relief Tax	Clark County*
1.75%	Supplemental City-County Relief Tax	Clark County*
0.25%	Public Mass Transportation & Construction of Roads	Regional Transportation Commission
0.25%	Control Of Floods	Regional Flood Control District

Source: Nevada Department of Taxation

*Distributed to the Clark County & Cities therein through a consolidated tax distribution

Conclusion

There are a few ancillary benefits to the Internet sales tax moratorium. One, with many purchases occurring on-line, consumers are most likely reducing side-trips in their automobiles, thus reducing the amount of fossil fuel emissions into the air. Another benefit of the Internet sales tax moratorium is obvious: the money that consumers are saving. One can assume that these saving are being investing in the community where the consumer resides.

It is clear that government entities' revenue streams from sales and use taxes will be affected. The question is at what rate will the intrusion be? These entities will have to determine how they will address the problem. Bruce and Fox present three solutions (or a mixture of the three) to address the problem:

1. Cut expenditures (and thus cut services);
2. Increase sales tax rates, and;
3. Shift to another tax source, such as the property or income tax (16, 2000).

The issue surely won't go away. It has been estimated that each 1% increase in the sales tax rate led to a .5% increase in the probability of buying something online (Bruce, 12, 2000).

This document has shown that the issue of the Internet sales tax moratorium has significant implications to local government agencies. In order to accurately gauge how the Southern Nevada entities understand the potential impact of an extended Internet Sales tax moratorium, this document suggests further research be undertaken to determine the impacts. This research could include in-depth interviews of local elected and appointed officials and a telephone survey of local residents to determine the amount of money spent (and potentially lost) on Internet purchases.

As discussed earlier, it should be noted that it would be irresponsible to apply a "blanket" loss from any findings from survey. For example, if findings suggest that residents will decrease their "brick-and-mortar" purchases by 10%, then the 10% cannot be applied as a 10% loss to local government revenues. By looking at the Nevada Department of Taxation's Taxable Sales by Industry report, one can see that many of the revenues come from industries that are not affected by Internet sales such as "Industrial and Commercial Machinery" and "Automotive Repair, Services, and Parking" (2-3, 2000) (See Appendix "B").

In conclusion, one can see that the issue of the potential implications of the Internet Sales Tax Moratorium is an important one to local governments, especially in Southern Nevada. Whether the moratorium will be a $32 million "hit" to Clark County and its cities by 2003, or a tax-free economic stimulator is yet to be seen. It is the author's opinion that a streamlined process is needed. A standardized system would not only recoup looses by e-sales, but it would also help brick-and-mortar companies simplify their sales tax reporting.

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Appendix "A"

This spreadsheet can be used to estimate the revenue impact on your city or county. 8/2/00
Enter data from your most recently completed fiscal year. This spreadsheet ICMA
will permit one to say: "If the federal government continues to deny states and localities the ability to collect sales taxes on goods sold over the Internet, it will cost the city/county [Cell H46] million dollars in revenue. If [my city or county's name] compensated for this loss in revenue by cutting services, we would have to cut X police officers or Y fire fighters [see Cells A48-50.] On the other hand, if [my city or county's name] were forced to compensate for this loss from the property tax, homeowners and businesses would see their property taxes increase by [Cell H46 divided by Cell H31].

Note: These estimates are based on the following: "By 2010, forecasts Goldman, Sachs, an investment bank, electronic shopping could account for 15-20% of retail sales." [Economist magazine, 26 February 2000.] Information in the previous paragraph permits the reader to make the assumption, "If e-commerce had the same impact on the local economy today as it is projected by Goldman, Sachs to have in 2010, the impact on [my city or county] would be as follows…."

	Enter data for your city/county here	Example: San Diego(1)	
Total general revenue(2) in your city or county =	366.7	1,285	million
Sales tax revenue in your city or county =	124.3	230	million
Sales tax as a % of your city/county general revenue =	33.9%	17.9%	
State aid to your city or county =	0	160	million
State aid as a % of your city/county general revenue =	0.0%	12.5%	
Assessed value of retail property in your city/county =	1,960.10	?	
Mill rate/tax rate for commercial property (retail) =	.6873/$100	?	
Property tax revenue =	13.5	135	million
Total revenue for your state =	3,669	98,185	million
Sales tax revenue for your state =	646	18,980	million
Sales tax as a % of state general revenue =	17.6%	19.3%	
State general expenditures =	3,443	98,783	million
Total state aid to localities in your state =	0	48,759	million
State aid to localities as a % of state general expend. =	0.0%	49.4%	
Goldman, Sachs estimate of 15% of retail sales via Internet by 2010:			
Direct impact on local sales tax revenue =	-18.6	-34.5	million

Indirect impact: Loss of state aid =	-4.2	-4.6 million
Indirect impact: 15% decrease prop tax revenue on retail property	-2.0	? million
Indirect impact: Increase/decrease in employment (3) and impact on the resultant impact on the local economy		?

Estimate of impact:	**$ (24.9)**	**$ (39.1)**	million

Estimated service impact: a reduction of X police officers or Y fire fighters or
Z public pools closed, etc. Divide number in Cell H35 by the average compensation
of police officers, fire fighters, etc.

Notes:

Shaded cells are automatically calculated once data are entered.

(1) Source: Statistical Abstract of the United States, 1998, p. 320 and p. 328. In millions of dollars for FY96.

(2) General revenue included revenue for the general fund and all other funds EXCLUDING enterprises (e.g., water, electric, gas, hospitals, transit). This is a definition of the U.S. Census Bureau.

(3) Positive impact, if city/county has more e-tailers than national average percentage of e-tailers; negative if lower. An entry on this line is optional, given the econometric complexity in estimating this impact.

gapcsalestx

Appendix "B"

http://tax.state.nv.us/salesindustry.htm

Business Code and Type

01 Agricultural Production-Crops
02 Agricultural Production Livest
07 Agricultural Services
08 Forestry
09 Fishing, Hunting, and Trapping
10 Metal Mining
12 Coal Mining
13 Oil and Gas Extraction
14 Mining and Quarrying of NonMetal
15 Building Construction - Gen Cont
16 Heavy Construction other than
17 Construction - Special Trade con
20 Food and Kindred Products
21 Tobacco Products
22 Textile Mill Products
23 Apparel and other finished Product
24 Lumber and Wood Products, Exce
25 Furniture and Fixtures
26 Paper and Allied Products
27 Printing, Publishing, and Alli
28 Chemicals and Allied Products
29 Petroleum Refining and Related
30 Rubber and Misc Plastic Products
31 Leather and Leather Products
32 Stone, Clay, Glass and Concrt
33 Primary Metal Industries
34 Fabricated Metal Products, Ex
35 Industrial and Commercial Mach
36 Electronic and Other Electrical
37 Transportation Equipment
38 Meadings, Analyzing, and Contr
39 Misc. Manufacturing Industries
40 RailRoad Transportation
41 Local and Suburban Transit and
42 Motor FreightTransportation and
43 United States Postal Services
44 Water Transportation
45 Transportation by Air
46 Pipelines, Except Natural Gas
47 Transportation Services
48 Communications
49 Electric, Gas & Sanitary Services
50 Wholesale Trade - Durable Goods
51 Wholesale Trade - NonDurable Goods
52 Building Materials, Hardware,
53 General Merchandise Stores
54 Food Stores
55 Automotive Dealers & Gasoline
56 Apparel and Accessory Stores
57 Home Furniture, Furnishings &
58 Eating and Drinking Places
59 Miscellaneous Retail
60 Depository Institutions
61 NonDepository Credit Institutions
62 Security and Commodity Brokers
63 Insurance Carriers
64 Insurance Agents, Brokers
65 Real Estate
67 Holding & Other Invest Offices
70 Hotels, Rooming Houses, Camps,
72 Personal Services
73 Business Services
75 Automotive Repair, Services &
76 Miscellaneous Repair Services
78 Motion Pictures
79 Amusement and Recreation Services
80 Health Services
81 Legal Services
82 Educational Services
83 Social Services
84 Museums, Art Galleries, and B
86 Membership Organizations
87 Engineering, Accounting, Research
88 Private Households
89 Miscellaneous Services
91 Executive, Legislative and General
92 Justice, Public Order & Safety
93 Public Finance, Taxation, and
94 Administration of Human Resources
95 Administration of Environmental
96 Administration of Economic Productivity
97 National Security and International
99 Nonclassifiable Establishments