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# 10 Remarkable Facts About Online Sales Tax

With all the hype both pro and con about the online sales tax bill you might have a belly full. Still, these facts about sales and use taxes might surprise you. They could even make you think differently about the current debate to tax or not to tax.

1. In 1932, Mississippi was the first state to impose a general state sales tax. By 1940, 23 other states implemented a general sales tax.
2. By the late 1960s, 45 states and the District of Columbia enacted a general sales tax. The last state to enact one was Vermont in 1969.
3. In 34 states and the District of Columbia, groceries are exempt from state and local sales taxes or taxed at a lower rate.

4. As of August 1, 2012, California had the highest state sales tax rate of 8.25%. Most states also impose local sales tax. Arizona has the highest combined state and local rate of 12.7%. Alabama was second at 12%.



(Image credit: AFP/Getty Images via @daylife)

5. State governments rely on sales and use taxes for roughly a third of their total tax revenue.
6. Local governments derive 11.2% of their tax revenue from sales and use taxes.
7. The U.S. Bureau of the Census estimated there were \$4.1 trillion in retail and wholesale transactions over the Internet in 2010.
8. Lost tax revenue on Internet sales was an estimated \$11.4 billion in 2012. California alone forecast a loss of \$1.9 billion; Texas, \$870.4 million; and New York, \$865.5 million.
9. An estimate of total state and local revenue loss from new e-commerce in 2012 was approximately \$11.4 billion.
10. The “Internet Tax Moratorium” prohibits new taxes on Internet access services and multiple or discriminatory taxes on Internet commerce. Congress has twice extended this Internet Tax Moratorium, most recently until [November 1, 2014](#). This moratorium has nothing to do with the use tax collection issue.

For more facts and figures, see the Congressional Research Service report, [State Taxation of Internet Transactions](#). It’s packed with figures about the past and future.

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