



NYSAC
NEW YORK STATE
ASSOCIATION OF COUNTIES

2017

Budget Priority

MODERNIZE INTERNET SALES TAX

PROBLEM

Counties and New York State have seen stagnation or reductions in sales tax revenues due to a combination of factors, including the Great Recession and an increase in Internet retail activity with companies that are not appropriately collecting sales taxes for transactions emanating from New York State. In addition, brick and mortar retail stores in communities across the state have seen a reduction in retail activity, with some closing and laying off New Yorkers who work in their stores and live in our communities.

In order to deliver essential public services, counties rely on sales tax receipts to offset property taxes, while also providing a significant revenue source for cities, towns, school districts and villages through sales tax sharing arrangements.

2017 EXECUTIVE BUDGET PROPOSAL

The Governor's budget seeks to modernize the state's sales tax collection process for tangible personal property purchased over the Internet. The proposal does not increase sales taxes. **This is not a new tax.** It simply provides a streamlined way for internet retailers to collect and remit sales tax that is already owed under state law.

2017 LEGISLATIVE BUDGET PROPOSALS

The Senate's Budget deletes the provision.

The Assembly's Budget supports the collection of the tax that is owed.

COUNTY SOLUTION

The Governor's proposal appropriately corrects this inequity by requiring large marketplace providers that facilitate more than \$100 million annually in sales through their operations to collect and remit to the state the sales tax due on these transactions. The proposal does not change current rules regarding sales tax nexus and relieves small vendors from the burden of having to collect the sales tax owed. This will streamline the sales tax collection process and improve compliance.

We urge the Legislature to support this language to level the retail playing field, improve tax compliance, and preserve a critical revenue base for local governments and the state.

For more information on the county position regarding this issue, visit www.nysac.org/taxation or call 518-465-1473 to speak to Dave Lucas, NYSAC Director of Finance and Intergovernmental Affairs.