



Main St. needs tax loophole closed

By **ELEANOR ROBERTS**
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With the holiday season having drawn to a close, with the start of a new year, with a new legislative session is upon us, states and businesses alike are still battling a harsh economic climate. We all are in need of sustainable solutions to help foster economic growth.

Fact: Massachusetts faces a projected state budget shortfall of \$3 billion when fiscal year 2011 begins in July. It is clear that stakes are high; remaining complacent will do nothing to forge a solution. Jobs are on the line. States will be forced to raise taxes and cut jobs to offset shortfalls.

Fact: \$27 billion was spent in online shopping activity during the 2009 holiday season — up 5 percent from last year. Today, a loophole exists where online-only businesses do not have to collect sales tax. This allows revenue of \$20 billion to \$60 billion to escape tax collection each year.

Fact: Whether a sale is made with the click of a mouse or an in-store swipe of a card, a sales transaction has definitely occurred. When online businesses operate by selling tax-free goods, a virtual black market prevails. Meanwhile, retailers on Main Street are forced to collect sales tax. Massachusetts-based businesses are finding it difficult, at best, to compete with this unfair advantage.

In 1992 the Supreme Court mandated that Congress take appropriate action to force the collection of sales tax over the Internet. Federal legislation about this tax issue would reduce complexity. It would strike the appropriate balance among the interests of the states and their budgets, Internet operations and Main Street businesses. This legislation would help our economy to keep improving, and save both government and Main Street jobs.

These are complex issues, but the solution is ultimately a simple one. In fact, it is achievable without passing new taxes. It will not add any cost to the federal budget — a rarity today.

Ratifying at the federal level an interstate sales tax agreement to fix this loophole has been greeted with support in the past by our local congressman, Rep. William Delahunt. Massachusetts retailers owe him thanks for his ongoing efforts.

A federal provision is badly needed to: collect the tax that is due the states; save the jobs that are threatened by the proposed cutbacks; and level the playing field for our retailers.

The time is at hand. The opportunity is here. Inaction would only be a disservice — to our state's bottom line, to the taxpayers and to Main Street businesses.

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