



NEWS

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Your State Government Cordially Invites You To Pay More Taxes

-- Lacking the authority or the infrastructure to collect interstate taxes, states ask their residents to "be nice" and pay voluntarily --

WASHINGTON, D.C. – Twenty states from coast to coast have found yet another way to reach into taxpayers' pockets. The income tax forms of these twenty states this year feature a line which requests taxpayers to declare any tax they owe on out-of-state purchases, most notably on things purchased over the Internet.

The volume of out-of-state transactions has grown exponentially in the wake of the e-commerce boom of the 1990s. But states were largely prohibited from tapping this new source of revenue because of federal court cases restricting sales taxes to businesses that had a "physical presence" in the state, and a federal law that, until last fall, prohibited states from taxing the Internet.

"The insatiable appetites of the big-spenders in state capitals have found yet another way to raid taxpayers' wallets," says Grover Norquist, president of Americans for Tax Reform. **"They whine that they are being denied access to billions of dollars of commerce. They want to venture into what has been called by one analyst 'the final fiscal frontier.' They should back off the Internet before they close the frontier with their meddling."**

New York and California are the latest states to ask their residents to voluntarily pay more in taxes in order to fill the gaps in their ailing state budgets. They join 18 other states which already collect voluntary sales taxes via their income tax forms. Three other states, Georgia, Hawaii and the District of Columbia even have separate forms for collecting these taxes.

"E-commerce and other interstate transactions are the future of efficient, information age business," continues Norquist. **"They promote tax competition, keeping taxes low for businesses and consumers. If the states succeed in extending their reach to the Internet and other out-of-state entities, they will choke off a budding new technology and harmonize tax rates upward, to the detriment of producers and consumers everywhere."**

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.