



Internet taxes attract Merced city manager

By [Michael McGuire](#), Headlines Examiner

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Merced CA / May 13, 2011 --- Merced's city manager is encouraging the Merced City Council to endorse state legislation that would impose \$250-\$500 million on items purchased over the internet.

"Currently," City Manager John Bramble wrote in a memorandum to the council, "out-of-state retailers that conduct business online in the State of California are not required to collect sales tax. The buyers of goods in California are theoretically supposed to collect sales tax to the state, but many do not. This gives out-of-state online retailers and 8.25-percent advantage or higher."

A statement published more than a decade ago by the [Cato Institute](#) continues to express the viewpoint of the opposition.

- "If states are concerned about local retailers, they should address the issue by reducing tax rates."
- "Is it really fair to force out-of-state firms to act as tax collectors when they don't benefit from state services? When a local business collects sales taxes, there is a clear linkage between taxes paid, services provided, and legislative representation. Local firms benefit from police and fire protection, roads and waste collection and other state services, so it's proper that they help cover those costs. Remote sellers don't enjoy any of those services."
- Internet consumers and businesses should not be punished simply because government has spent too much money in the past.

"The city of Merced is facing a structural deficit of \$5.5 million," Bramble wrote councilmembers. "The city experienced sales tax declines of 30 percent, which has had a serious impact on the General Fund. Any additional means of capturing sales tax revenues would help city operations."

The issue comes before the council on May 16. The council may reject the resolution, amend it, pass it as it or continue the discussion to another meeting.

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