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The Week In Public Finance: Supreme Court Clears Way for States to Tax Online Sales.

The landmark decision could boost state governments' revenues by tens of billions of dollars a year. But first, they have to decide how to take advantage of it. Some hope the ruling will spur Congress to pass national rules.

In a landmark ruling that could provide a big boost to state and local revenues, the U.S. Supreme Court overturned a two-decade-old ruling on Thursday that barred states from collecting sales taxes for online purchases.

The decision is one of the most significant state and local finance rulings in the modern era and comes at a time when sales tax revenues have been steadily shrinking thanks in part to more purchases being made online.

Calling the old precedent "flawed" and a "tax shelter for businesses," the 5-4 decision does away with the notion that governments can only collect sales taxes on purchases made from retailers with a physical presence in the state. In doing so, the court overturns two previous rulings that predated the world of e-commerce: the 1992 case, *Quill Corp. v. North Dakota*, that dealt with out-of-state taxes collected on catalog purchases, and the 1967 case, *National Bellas Hess Inc. v. Department of Revenue of Illinois*.

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