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Taxing Online Sales Won't Save Cities From the Retail Apocalypse.

The Supreme Court's year-old Wayfair decision allows most U.S. states to collect sales tax from online shopping. Can cities expect a revenue bump?

As the holiday shopping season approaches, more governments than ever will reap the benefits of all that spending. That's because in 2018, the U.S. Supreme Court overturned the ban on governments taxing online sales. More than a year after the South Dakota v. Wayfair decision, states have now started collecting, and some have already seen a slight boost in sales tax revenue. That bump could be even greater as the Black Friday/Cyber Monday shop-a-thons kick off the end-of-year spending spree.

But it's unlikely that cities will see much of it.

States saw a 7 percent bump in sales tax revenue between June and September of this year over the corresponding period in 2018, according to data compiled by the Urban Institute's State and Local Finance Initiative. That's a few percentage points higher than average, and the Institute's Lucy Dadayan says it's most likely due to the increased collections from online sales.

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CITY LAB

by LIZ FARMER

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