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[E-Commerce Tax Deals Pit California Cities Against Each Other.](#)

California cities have made deals with retailers — like Best Buy, Apple, QVC and Walmart — to be the point of sale for e-commerce purchases statewide in exchange for a cut of the sales tax proceeds. But who really benefits?

Exit Highway 99 at Mountain View Avenue in California's Central Valley and drive east past the flat expanse of stone fruit and citrus orchards, fields of grapes that will become raisins, and the occasional packing house.

Nine miles ahead, the gray-and-blue Best Buy warehouse emerges out of nowhere at the Dinuba city limits. At slightly more than 1 million square feet, it dwarfs the nearby shopping center anchored by a Walmart Supercenter — at least five of which would fit inside the warehouse.

Best Buy has been in Dinuba for 17 years, employing around 370 workers, but seven years ago it became even more vital to this 25,000-population city. That's when the Dinuba facility was designated as Best Buy's sole point of e-commerce sales in California, meaning that any state resident making an online purchase would pay the local sales tax on their transaction to Dinuba, not the city where they live. That prompted Dinuba — facing a \$1.9 million budget deficit — to enter into a 40-year agreement to share those tax proceeds with Best Buy.

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Bloomberg CityLab

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February 23, 2023