

## SALES TAX FAIRNESS

### Statement:

The Florida League of Cities SUPPORTS legislation to reform Florida's sales and use tax laws that apply to online/e-commerce sales from out-of-state retailers. Changes are needed to ensure in-state retailers are treated equitably.

### Background:

Forty-five states and the District of Columbia levy taxes on the sale of goods and certain services, including those sold remotely. Florida's sales and use tax is a 6 percent levy on retail sales of most tangible personal property, admissions, transient lodgings, commercial rentals and motor vehicles. Additionally, Florida has nine types of local discretionary sales surtaxes (also referred to as local option sales taxes) which are currently authorized in law and represent potential revenue sources for counties, municipalities and school districts. The local discretionary sales surtaxes apply to all transactions subject to the state tax imposed on sales and use tax. The local discretionary sales surtax rate varies from county to county, depending on the particular levies authorized in that jurisdiction. On June 21, 2018, the U.S. Supreme Court issued an opinion in *South Dakota v. Wayfair*, overturning its earlier precedents in *National Bellas Hess* and *Quill*, and eradicated the decades-old "physical presence" requirement for sales and use tax nexus. The case centered on a South Dakota law that imposes sales tax collection obligations on certain remote sellers, based on the dollar amount or volume of sales into the state. This "economic nexus" case impacts thousands of state and local jurisdictions across the United States that impose a sales or use tax.

Florida's "mail order" sales statute, S. 212.0596, Florida Statutes, applies to any sale of tangible personal property ordered by mail or other means of communication, which includes the Internet, from a dealer who receives the order in another state and causes the property to be transported, whether or not by mail, to a person in this state.

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