



AMERICANS FOR TAX REFORM

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# NEWS

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## State revenues continue to grow... despite governments crying wolf on sales taxes

WASHINGTON — The Institute for State Studies paid for and released a study on Tuesday October 4, 2001, purporting to show a loss in states' revenues because of Internet sales.

The study predicts that over \$50 billion in new goods, a growth rate of 4.5% in business to consumer commerce, will be sold in 2001, over current purchases to date. Since January of 2000, however, Internet sales have remained flat, plunging with a seasonally adjusted 2% in the last three months. Actual sales in September through December 2000 were \$21.2 billion. **In order to meet the prediction of this report, there would have to be a growth rate of 25% over the same period last year, and sales for the remaining quarter of 2001 would have to be three times that of the previous eight months.**

The study also predicts incredulous rates of 56.8% for 2002, 45.6% for 2003, and 36.4% for 2004 for business to consumer commerce. Meanwhile, the tech sector of the economy continues its nosedive, bringing down the rest of the economy. These numbers don't pass the smell test.

The studies authors say "We determined that, to make up for revenue losses due to e-commerce, state and local governments would have to raise their sales tax rates between 0.83 and 1.73 percentage points by 2011."

Taxpayer advocate Grover G. Norquist, who is president of Americans for Tax Reform, issued the following statement upon release of the report:

**"The whole basis and foundation of this report is ridiculous.** Nationwide sales tax revenues in the last 10 years have grown from \$183.2 billion in 1990 to \$321 billion in 2000. This is a 50% increase in 10 years. **The idea that states are LOSING money to the Internet doesn't fly. Rather than paying for bogus studies, state and local representatives ought to look for ways to shrink their own spending and maintain some fiscal discipline.**"

*Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who seek tax simplification and oppose all federal and state tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by e-mail at [jcollegio@atr.org](mailto:jcollegio@atr.org)*