



Amazon.com, Inc., Illinois Governor Pat Quinn, and U.S. Senator Dick Durbin recently announced Amazon.com's plans to build its first warehouse, in the state of Illinois.

amazon_illinois.jpg



Amazon.com will invest \$75 million in the project, and plans to create more than 1,000 new, full-time jobs by 2017. Amazon already has a physical presence in certain parts of the country, including fulfillment centers in 14 states and customer service centers in three states.

Internetretailer.com observed that "[t]he new warehouse will mean Amazon will start charging sales tax to Illinois consumers. Law applying to web retailers ties in-state collection of sales taxes for web purchases with a merchant's presence in the state—that can include not only warehouses but offices or stores." Illinois' Public Act 98-1089, effective January 1, 2015, applies to all retailers with annual gross receipts of more than \$10,000 in sales to Illinois customers.

Though Amazon.com would be paying taxes in Illinois by virtue of the presence of the warehouse, it supports a national law, like the proposed federal Marketplace Fairness Act, requiring online sales tax collection regardless of a physical presence. In fact, according to bankrate.com, there are 23 states in which the online retailer already collects taxes. Some states collect the tax by virtue of Amazon.com's physical presence, while others have deals with Amazon.com, like the one in Indiana we previously addressed. Bankrate.com states that Minnesota and Maryland are the latest two as of October 1, 2014, and South Carolina will join the group on January 1, 2016.

Amazon.com views the taxing of online purchases as a leveling of the playing field. Dailyfinance.com points out that on-line retailers with no physical presence in a state are usually not subject to a use tax. But Amazon.com has a physical presence in enough states that it is at a disadvantage over competitors with less of physical presence, like eBay and Overstock.

Ebaymainstreet.com, a grassroots action network, explicitly opposes any such legislation, in part because of its purported "damage to the competitiveness and innovation of small businesses" who use the Internet.

Leading up to the midterms, lawmakers were too focused on elections to move forward on the proposed Marketplace Fairness Act (MFA). In a taxanalysts.com piece, Rep. Jason Chaffetz (R-Utah) hinted that post-midterm compromise efforts may be fruitful, which could lead to his introduction of a separate bill to replace the MFA after the New Year that addresses concerns from conservative members of Congress.

amazoncom will open its first warehouse in 2015 requiring it to collect sales taxes in illinois
