* One of the largest sources of revenue for municipalities is a diversion of sales tax collected in each municipality.
* Currently, the State diverts 18.5% of all sales tax back to the city or town where it was collected. For years, city leaders have asked the Legislature to increase the diversion back to the 1992 level of 20.5% but they have refused.
* Over 76% of all sales tax collected by the State of Mississippi is generated in municipalities.
* A recent US Supreme Court ruling concluded that state and local governments can require remote retailers with no physical presence in the State to collect and remit sales tax.
* The State has been collecting voluntary internet sales tax for years and keeping 100% of the tax as a “use” tax. This action has hurt all municipalities in Mississippi as we struggle to improve streets, parks, utilities, and public safety for our citizens
* Last year, the state collected over $318 million in use tax. With the SCOTUS ruling, that number is expected to increase by between $50 and $75 million over the next two years.
* With the SCOTUS internet sales tax ruling, the Legislature will now have the opportunity to “Balance the Scales with Internet Sales” and treat internet sales tax as they do traditional sales tax and divert at least 18.5% back to the cities based on the point of delivery of the products sold. At the very least, the Legislature should set aside a portion of all Use Tax to be diverted to cities on a per capita basis to be used for water, sewer, and street infrastructure.
* Cities are the economic engines of our State. If cities and towns can improve their infrastructure, the climate for economic development can improve and more sales tax can be generated, which benefits the State of Mississippi.
* In addition to the efforts that we as municipal officials are taking to encourage this action by the State, it is critical that you, as municipal citizens, take the time to contact your legislators at the Capitol and encourage them to “Balance the Scales with Internet Sales” by returning this revenue to our cities and towns, thereby benefiting their citizens at home, the State economy, and the entire State of Mississippi.