

**Legislative Alert**  
**SB 1429**  
**Streamlined Sales Tax**

The Streamlined Sales Tax (SST) bill, SB 1429, as presented, is intended to level the playing field between retail merchants and internet sales. Once passed, Illinois would then join the interstate compact and at that point new sales tax revenues from internet sales could be realized through voluntary compliance by approximately 1,500 retailers nationally.

In order for the State of Illinois to become a member of the SST interstate compact, the State would need to change from “point of sales” to “destination” sourcing.

The concept of being able to capture sales tax from internet sales is one that the National GFOA supports and the GFOA is actually a member of the Streamlined Sales Tax Board, which was structured to implement SST nationally.

Changing from “point of sale” to “destination” sourcing will generate winners and losers for municipalities throughout the State (the State itself will not be impacted). If you are a bedroom type municipality with little retail and/or industrial residents, you would probably come out ahead under this bill. But, if you are a municipality that has invested in the infrastructure so as to attract a larger retail and/or industrial presence, you may be a big loser. For example, if your municipality has just created a retail area with a concentration of furniture stores with the hopes of reaping the benefit of an increase in the sales tax revenue, if it ended up that a majority of the furniture that was sold was delivered, then under the “destination” sourcing concept, the sales tax would go to the municipality where the furniture was delivered, not where it was sold.

Another situation that SB 1429 did not take into account was sales that are generated from your industrial residents. For the most part, you can assume that 100% of the sales will be delivered outside your municipality therefore the sales tax that you had been receiving will now be going to other municipalities. If you have industrial parks, you should look into the sales tax that they generate. In some municipalities, sales tax revenues generated in their industrial parks exceed \$4 million per year.

The Streamlined Sales Tax concept should continue to be pursued. But, due to the huge impact that the change from “point-of-sale” to “destination” sourcing would have on municipalities; a well thought-out mitigation plan that properly addresses the impacts all municipalities needs to be developed.

Since sales tax revenues are so critical to every municipality throughout the State, the mitigation plan needs to fairly address the impacts of everyone.

**What can you do?**

1. Review your sales tax generators and revenues to determine what the impact of the bill could mean to your municipality.
2. Contact your local legislators to let them know what the impact of SB 1429 would be to your municipality and ask them to work towards developing a mitigation plan that properly addresses the impacts of all municipalities.