

About the City  
by  
Councilman Kingery

Sales tax is in the news again, so I want to talk about sales tax.

Many people believe tax on the sale of goods is the most impartial and fair tax. I tend to agree for several reasons: people who have lots of money and purchase lots of goods pay more sales tax. People with limited money do not purchase as many goods, and therefore pay less sales tax. At least from the "pay your fair share" aspect it is more fair because the wealthy normally will pay more than the poor of our society. Maybe it's a form of "sharing the wealth"; however, it is voluntary whether you keep or spend your money!

As I have shared before, our city relies upon sales tax redistribution by the State for much of our regular operating budget. The State collects sales taxes on goods sold within our state and uses some of these monies to help fund counties and municipalities within the state for infrastructure and operational money. Without the sales tax that is redistributed to the City of Douglas, we would have a hard time maintaining infrastructure, paying salaries, and a myriad of other expenses our city has on a monthly basis.

The State government is presently dealing with a sales tax issue as it applies to goods sold over the internet. We might not like that idea because it will cost us more money, but let's be fair about this. Several very important issues come to my mind. One, we have local businesses that must collect sales tax on what they sell. Collection and record keeping costs money. Submission of the sales tax to the State costs more money. If an "online" business does not have to collect sales tax on what it sells, it's unfair competition with our local business. We think we are getting a better deal, and perhaps we are. Perhaps. You saved the sales tax, but if you pay shipping to get your product delivered, you need to add that expense to the cost of your item. Our local businesses have already paid the shipping to get the product here, and is therefore part of the cost of the product. Collection, record keeping and submission of sales tax is also part of the cost of the product.

Two, our local businesses contribute to the sales tax base, which we need to operate our city. If the "online" business does not collect sales tax, where is the tax distribution we need to help operate our city?

Third, our local businesses have properties of value in our community. That generates property tax which helps fund our community. Where is the property tax for the "online" business? Probably not in our community, so we are inadvertently helping some other community. That is certainly okay, although helping our local community may have more value to us.

Fourth, often local businesses donate in many ways to the local community and local businesses provide jobs in our community. These are jobs for people you know, people who live in our community, people who purchase products in our community, thus providing more sales tax base and more property tax base. "Online" businesses, unless they are local, probably don't contribute donations, provide jobs, or encourage people to live in our community. Several times recently we have had local businesses involved in sponsoring fundraisers, contributing to, and helping with the operation of fundraisers for multiple people within our community. I am not aware of any "online" businesses helping our community in this way.

Each of us has a limited supply of money that we must spend wisely to make ends meet. All of us have to face the choice of whether we save money on a purchase or not. Hopefully we can do so knowing it isn't just the difference in price that makes a better deal for us. It is a little more complicated than that; it involves not just us, but also the community within which we live. Many of our businesses and City Hall have stickers displayed encouraging us to spend our dollars here in Douglas.

Referring to this last remark, I would encourage local businesses to take a closer look at whether you can do more to help in this situation. Could you lower prices enough to make it more difficult to shop out of town or on the internet? Can you reduce the price and make up the difference by selling more? You have to decide what will work for you. I know that when gasoline is about 12 cents per gallon cheaper in Casper, on a regular basis, I will check the price and fill up my vehicle in Casper before heading back to Douglas. Can I drive to Casper to save 12 cents per gallon? No, however if I am there for some other reason it makes (cents)! I could easily argue 20 cents per gallon savings depending upon where I shop, and the larger the gas tank on my vehicle the more likely it is that I will take advantage of this price difference. Every time we do this, and "we" are many, we are transferring our sales tax to a different community. On the rare occasion I

find gasoline prices cheaper, equal, or nearly equal in Douglas, I return to Douglas to fill my tank. I would rather spend my money here at home.