

National Association of REALTORS®

Internet Tax Policy

**Adopted by the NAR Board of Directors
May 22, 2000**

While the National Association of REALTORS® is firmly opposed to unnecessary or discriminatory taxation in any form, NAR is very concerned with the potential for increases in state/local real estate and property taxes that might result from exempting Internet purchases from state and local sales and use taxes. Accordingly, NAR adopts the following statements as its Internet Tax policy:

1. No state/local sales/use taxes on internet access fees. NAR opposes the imposition of sales/use taxes on Internet access charges.

RATIONALE: NAR believes that access to the Internet should be unfettered by state and local sales and use taxes. Citizens are not taxed upon entering their local library or mall. Taxing access to the Internet would tend to be a discriminatory tax – discouraging use of the Internet in favor of local bricks and mortar businesses and facilities.

2. Consistent state/local sales/use tax consequences for economically equivalent transactions. NAR supports a level playing field for local in-store retailers and remote merchants (including Internet merchants). NAR believes that economically equivalent transactions should bring similar tax consequences.

RATIONALE: NAR believes that loss of revenue due to failure to collect sales tax on goods sold over the Internet is likely to place pressure on state and local governments to find replacement revenue in the form of increased:

- real estate and property taxes
- income taxes
- transfer taxes
- impact fees

NAR believes this shift in the tax burden would cause housing to be less affordable for many potential homebuyers. NAR also is concerned that the erosion of state and local sales tax collections will encourage state and local governments to seek to expand their sales and use tax bases. In this regard, NAR is firmly opposed to any expansion that would impose taxes on the cost of services, such as REALTOR® fees and other costs associated with the purchase and ownership of real estate.

3. Simplification of State/Local Sales/Use Taxes. NAR supports efforts to simplify the collection and payment of sales/use taxes.

RATIONALE: NAR believes that economically equivalent transactions should bring similar tax consequences. Therefore, NAR believes that state and local governments should be able to enforce existing sales and use tax laws for both intra-state and inter-state purchases. However, in order to establish an effective and simple means of collection of these taxes, NAR believes that state and local governments first must simplify their existing state and local sales and use tax systems.

4. “Internet Tax” Legislation. Federal legislation should not preempt states’ efforts to address their own sales and use tax issues.

RATIONALE: NAR believes the key issues associated with the Internet Tax debate affect state and local government revenues. Accordingly, we believe state and local legislative action is appropriate, and we encourage state legislative action that would:

- Ban sales tax on Internet access fees;
- Provide consistent sales tax consequences for economically equivalent transactions; and
- Simplify state/local sales/use taxes

Therefore, we do not support Federal legislation that – without consent and participation of state governments – would preempt states’ efforts to address their own sales and use tax issues consistent with these NAR statements of policy.