



# A New Internet Sales Tax? Only if It's Revenue-neutral

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*By: Patrick Ishmael*

As we head into the holidays, many of us are already thinking of the gifts we'll be giving and receiving. We might even give ourselves a gift! But very few of us would ever give ourselves a gift with *someone else's money*, for this holiday or any other. That would be *impolite* (and probably illegal). Unfortunately, some in Jefferson City are already musing about whether the government will give itself the gift of more of your tax money in the new year—thanks to a proposed Internet sales tax.

The issue here isn't really the tax itself. Researchers at the Show-Me Institute have long-supported low tax rates with a broad base, and sales taxes are less destructive to growth than income taxes. But as the sales tax base broadens, another tax should contract to ensure the government isn't growing and treating taxpayers like a piggybank. In fact, the tax reform bill passed earlier this year originally included a provision that would have created an Internet sales tax in the state, but also simultaneously reduced state income taxes. That revenue-neutral approach is not just good governance—[it is good policy that shifts the state's reliance away from growth-destroying income taxes.](#)

More to the point, that revenue-neutral approach to the Internet sales tax nearly became law

last year, and I support it becoming law this year. But if lawmakers want to create the tax and gift the revenues back to growing government spending, that will be a non-starter for supporters of small, responsible government and free-market policies.

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