

# ICSC 2015 National Efairness Poll Results

## SUMMARY

In September 2015, the International Council of Shopping Centers (ICSC) commissioned ORC International to conduct a national telephone poll (Telephone CARAVAN®) of over 1,000 Americans to gauge their awareness of and attitudes towards the “efairness issue,” which concerns the collection and remittance of sales tax for online purchases. This is the fourth such annual poll.

The poll found that, as in prior years, an overwhelming majority of Americans support federal legislation that would shift the responsibility to collect and remit sales taxes on Internet purchases from the individual to the online vendor. The results show that Americans are becoming more and more aware that uncollected sales taxes are owed to state and local governments, but believe that it would be far easier for the sellers to collect those sales taxes at the point-of-purchase rather than for individual consumers to maintain their own records and pay the use tax directly to the state when they file their income tax returns.

Moreover, the poll found that the current system that requires brick-and-mortar retailers to collect sales taxes and allows online-only sellers not to do so is seen as inherently unfair—essentially providing a significant competitive advantage to the online-only sellers over local businesses. This is important because the poll also found three-quarters of registered voters recognize that local retail is the cornerstone of their communities and essential in maintaining healthy and vibrant economies.

## KEY FINDINGS

- Seven out of every 10 registered voters support federal efairness legislation that requires online-only sellers to collect sales tax at the point-of-purchase.
- 62% of registered voters are aware that uncollected sales and use taxes from online purchases are owed when filing income taxes.
- 816 of the 1,008 individuals surveyed (81%) felt that it would be easier for online-only sellers to collect owed sales taxes at the point-of-purchase versus the current system of self-reporting, which has a remittance rate of less than 2%.
- 58% of registered voters would NOT change the way they shop online as a result of federal efairness legislation.
- Nine out of every 10 Americans recognize the vital importance of local retailers to their community’s economic health and prosperity.
- Over half (53%) of the surveyed population believes that the current uneven playing field is inherently unfair and gives online-only sellers a clear competitive advantage.

## DETAILED FINDINGS

### Support for Federal Efairness Legislation

Since 2013, the percentage of individuals who support federal efairness legislation that requires online-only sellers to collect and remit sales taxes on behalf of the consumer has increased from 64% to 70%.

While the levels of support differ by demographic group, there appears to be a historic difference between males and females on this issue. Females tend to be far more accepting of proposed efairness legislation than their male counterparts—although the gap is closing (see **Figure 1**).

With respect to age, there is a clear difference between 18-34 years-olds and those 65 years and older. As seen in **Figure 2**, in general, as age increases the propensity to support proposed efairness legislation falls. What is notable is that, over the last two years, the percentage of 18-34 year-olds who support a legislative fix has grown faster than the 65+ age group—although both groups have grown.

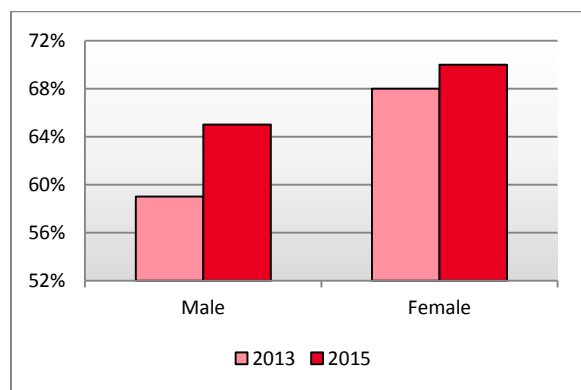


Figure 1: Support for Proposed Legislation by Gender

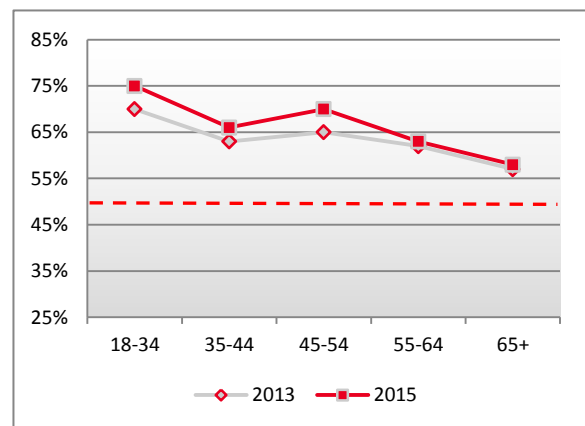
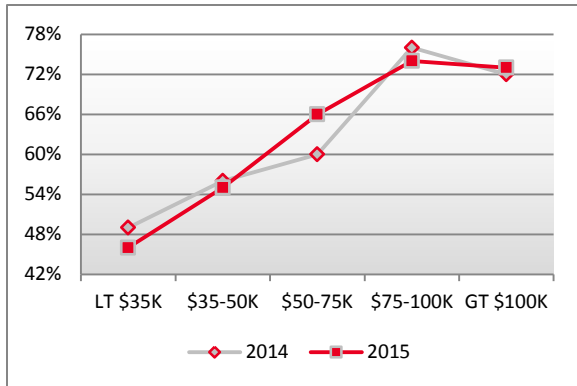


Figure 2: Support for Proposed Legislation by Age

### Awareness of Current Sales Tax Obligations

As noted above, the awareness of this issue among registered voters has increased by 3% since last year.

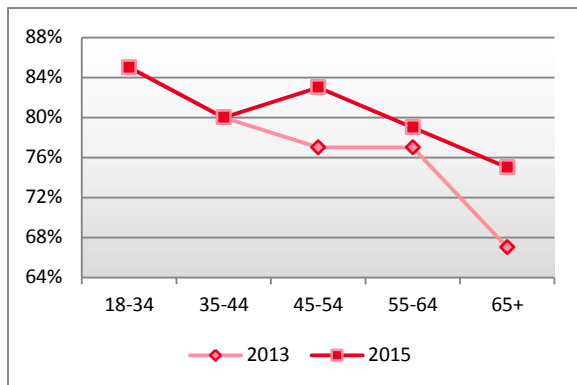
The most significant trends within demographic groups appear to relate to income, household size and education levels. As one might expect, as income rises, the poll found that those making \$100,000 or more per year were 11 percent more aware of the current legal obligation to self-report uncollected sales taxes on their income tax returns than those making less than \$35k per year (66% versus 55%). Households with three or more individuals were 13 percent



**Figure 4: Would NOT Change Online Shopping Behavior**

of those surveyed felt that it would be easier for online-only-sellers to collect the taxes owed at the point-of-purchase. By 2015, this number has grown to 81%.

Among the demographic groups, age appears to be the most significant factor of differentiation. In 2015, 85 percent of 18-34 year-olds think that it would be easier/more convenient/more efficient to have online-only sellers collect and remit sales taxes on their behalf. This is 10 percent higher than for those 65 years and older. However, the older generation is coming around to this notion of simplicity. As shown in **Figure 3**, over the course



**Figure 3: Support Paying Taxes Owed at Point-of-Purchase**

of the last two years, while the youngest two age groups have held steady, the oldest group has increased from 67 percent to 75 percent in favor of paying the sales taxes due at the point-of-purchase.

more “aware” than 1-person households (66% versus 53%). College graduates were 10 percent more “aware” than those with a high school diploma or less (67% versus 57%).

*Ease of Paying Sales Taxes on Online Purchases at the Point-of-Purchase*

Public sentiment concerning the most appropriate means of collecting taxes on online purchases has also evolved. In 2013, 78 percent

of those surveyed felt that it would be easier for online-only-sellers to collect the taxes owed at the point-of-purchase. By 2015, this number has grown to 81%.

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*Effect of Federal Efairness Legislation on Shopping Habits*

The survey also revealed that, if and when online-only sellers begin to collect sales taxes

on all purchases, the expected impact on the levels of online shopping will be less than it was in 2013. In this year’s poll, three (3) percent more respondents said that federal efairness legislation would have NO effect on their online buying habits compared to two years ago.

Across demographic groups, the most significant trend is that, as income increases, the willingness to change online shopping behavior decreases significantly. In 2014 and 2015, those making more than \$100,000 per year were, on average, 25 percent more likely to report that ubiquitous online sales tax collection would have no impact on their online shopping behavior (see **Figure 4**). The same trend holds for household sizes and education—as they rise, online

shopping behavior is increasingly maintained. This is likely due to their close correlation with income levels.

### Importance of Local Retailers

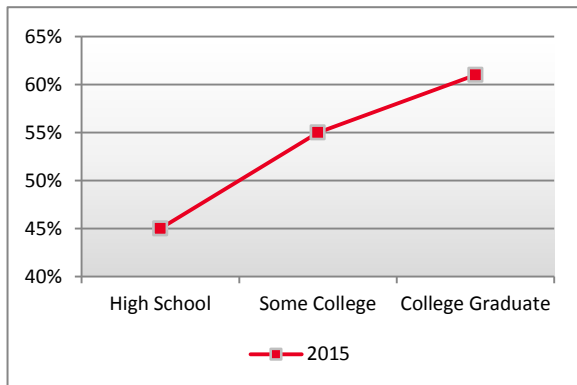
Of the 1,008 individuals surveyed, 933 (93%) answered that they feel that local retail is “important” to their community’s economic health. Among registered voters, 74 percent indicated that they view local retail as “very important”—a 2 percent increase since 2014.

Across demographic groups, there appears to be relative homogeneity with respect to the view that local retailers are important to regional economic activity.

### Understanding of Competitive Implications

Among registered voters, 53 percent believe that the current system where brick-and-mortar retailers are forced to collect and remit sales taxes and others are not, online-only sellers have a clear competitive advantage.

Within the demographic groups, the level of education attainment appears to have the greatest variation across groups. In this case, more highly educated individuals understand the implications of an uneven playing field to a greater degree than their less-educated counterparts (see **Figure 5**).



**Figure 5: Online-Only Seller Competitive Advantage**