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Taxing Beyond Borders: Principles for Ohio's Tax Policy After *South Dakota v. Wayfair*

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BY: REA S. HEDERMAN JR;
ANDREW J. KIDD, PH.D.;
JAMES B. WOODWARD, PH.D;
ANDREW MOYLAN;
AND ANDREW WILFORD

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Executive Summary

The U.S. Supreme Court's decision in *South Dakota v. Wayfair* revised a long-standing rule governing how states collect sales taxes across state lines. Since 1992, states could only require businesses with a physical presence in the state to collect and remit sales taxes. Out-of-state retailers were not subject to the burdensome collect-and-remit requirements because they lacked a sufficient connection or "nexus" to the state. By 2008, however, interstate e-commerce abounded and states found new ways to bend (if not break) the Supreme Court's rule and force retailers to collect their taxes. After a decade of litigation, *South Dakota v. Wayfair* repealed the Court's "physical presence" standard in 2018.

Wayfair prompted many states, including Ohio, to implement remote sales tax collection obligations. Unfortunately, many of those obligations are modeled after South Dakota's standards and *de minimis* nexus thresholds. The relatively low thresholds that trigger out-of-state tax collection and reporting obligations are especially burdensome for smaller firms and entrepreneurs. States should revisit their post-*Wayfair* tax policies and ensure that they do not harm entrepreneurs and small businesses, and they should simplify their tax codes to ease the remaining regulatory burdens.

Ohio, for example, can take several steps in this regard. First, the state should raise the low nexus threshold it set after *Wayfair* and thus exempt smaller companies from expensive administrative burdens that they cannot afford. And second, Ohio should simplify its tax code to reduce compliance costs for those companies that meet the post-*Wayfair* nexus thresholds, reduce the number of taxing authorities, and make tax remittance straightforward. Third, Ohio must avoid expanding its economically destructive commercial activities tax by aligning it with a *de minimis* nexus threshold.

Tax codes should be transparent and compliance should be simple. Complicated, multi-jurisdictional tax obligations cost companies money and discourage economic growth. Streamlined tax policies that are easy for taxpayers to understand and manage promote growth and help entrepreneurs survive in competitive markets. After *Wayfair*, states must carefully craft simple, easy-to-use e-commerce tax policies that do no harm.

Taxing Out-of-State Sellers: Before and After *South Dakota v. Wayfair*

In 2018, the United States Supreme Court's decision in *South Dakota v. Wayfair* changed the legal construct for how states may collect sales taxes on out-of-state transactions. Justice Kennedy's opinion for the 5-4 majority overturned the precedent established by *Quill v. North Dakota* and offered states a roadmap—although without turn-by-turn directions—for avoiding unconstitutional burdens on out-of-state vendors. Since *Wayfair*, states have largely followed South Dakota's example in crafting their own tax collection regimes, but not without avoidable missteps along the way.

Collecting state sales taxes on interstate transactions raises various legal and logistical concerns. Historically, in collecting interstate sales taxes, states generally followed a destination principle, meaning that the state that is the end destination for a good may assert tax authority over the sale. To aid in collecting sales taxes, states often then require businesses to collect the sales tax from the customer and remit the tax payment to the state. This remitting arrangement works well for transactions conducted in brick-and-mortar locations because both the buyer and the seller are in the same area.

But catalogue sales and internet transactions present more difficult cases because states may only tax businesses that have a significant connection—or "nexus"—to the state. What happens when the buyer and the seller do not have similar connections to the buyer's home state? The Supreme Court answered this question in 1992 in *Quill v. North Dakota*, holding that states may only require businesses with a "physical presence" in the state to collect and remit their sales taxes. *Quill* defined physical presence as having payroll or property in the state; and merely having a customer was not a sufficient connection for the state to impose tax-collection obligations upon the business.

As internet and e-commerce sales grew at the turn of the 21st century, however, states argued that they were losing out on collectible tax revenue from interstate transactions. Internet retailers, such as Amazon, were often not based in the customer's state and the customer's sales tax therefore was not collected and remitted by the retailer. States adjusted to the rise of e-commerce by flouting the spirit of *Quill* and adopting more creative nexus rules to warrant collecting and remitting taxes, even without a physical presence.

New York, for example, enacted a so-called "click-through nexus," defined as meeting a certain level of sales in the state with a resident sales agent. Individuals whose websites redirected customers to out-of-state retailers but who received a commission on the sales could trigger the requisite nexus for the retailer. Many states with this policy, including Ohio, required a company to remit sales taxes if their "click-through" sales agent helped facilitate at least $10,000 in sales.[1] The click-through nexus set a very low threshold for requiring tax collection and remittance, meaning that many small businesses would have to collect sales taxes even without a substantial economic presence in the state.

After New York, other states began looking for unique ways around *Quill*. Ohio and Massachusetts, for example, enacted a "cookie" nexus, so-called because it relies on website cookies—small pieces of software stored on web browsers to track customer behavior or customize the experience for individuals purchasing goods—to establish a physical nexus in the state.[2] Unlike an economic nexus that sets a threshold of total sales or transactions, a cookie nexus can take effect after one sale is made through a website or smart phone app that uses cookies, regardless of the sale price. Because nearly all online retailers use cookies, the cookie-nexus subjects thousands of companies—big and small—to expensive and often out-sized compliance costs that drive smaller firms from the state. And enforcing such nexus policies requires a massive coordination among residents, internet service providers, cell phone carriers, retailers, and governments to accurately track which purchases in the state were made using cookies. Law suits challenged the cookie-nexus policies in Ohio and Massachusetts,[3] and both states have since repealed them.[4]

Others states adopted "notice-and-reporting" policies that notify buyers that the vendor did not collect out-of-state sales tax on their purchase so the buyer must pay a use tax. Vendors must report the sale and buyer information to the state so the state knows a use tax is owed. Such policies require businesses to know enough about state tax regimes to inform their customers how much use tax is owed. Low threshold amounts trigger the reporting requirements and place heavy administrative and compliance costs on even the smallest businesses. Colorado's notice-and-reporting policy was challenged and subsequently upheld in court,[5] but many notice-and-reporting states began reforming the complicated burdens they placed on businesses.[6]

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[1] Scott Peterson, A guide to click-through nexus, Avalara.com, November 5, 2018.
[2] Ohio Administrative Coade 5741.01 (2019); 830 Code of Massachusetts Regulations 64H.1.7 (2019).
[3] The lawsuit in Ohio was dropped following news that the state legislature would look to eliminate the cookie nexus and replace it with an economic nexus, while the lawsuit in Massachusetts continues. Gail Cole, Ohio's new web cookie tax challenged by ACMA, Avalara.com, January 8, 2018; Alex Ebert, Retail Group Drops Ohio 'Cookie' Sales Tax Suit, For Now, BloombergTax.com, December 19, 2018; and John Cavanaugh and Michael Cyzeski, Internet vendors challenge Massachusetts 'cookie' nexus regulation, RSMUS.com, March 12, 2019. See also 830 Code of Massachusetts Regulations 64H.1.7 (2019).
[4] Ohio Enacts New Economic Nexus Provisions and Marketplace Nexus Legislation, Sales Tax Institute, September 30, 2019; and 830 Code of Massachusetts Regulations 64H.1.7 (2019).
[5] See *Direct Marketing Association v. Brohl* (2015).
[6] Joseph Bishop-Henchman, Hannah Walker, and Denise Garbe, *Post-Wayfair Options for States*, The Tax Foundation, August 29, 2018.

In 2016, South Dakota's Senate Bill 106 required out-of-state retailers to collect and remit sales taxes if the seller had at least $100,000 in sales in South Dakota or 200 discrete transactions within a calendar year. The state streamlined its program to ease administrative burdens and ensured that tax liabilities would not be retroactive. South Dakota provided one point of collection for its state and local taxes and joined the Streamlined Sales and Use Tax Agreement (SSUTA), which uses uniform sales tax definitions across its membership and provides software to retailers to ease compliance. Nevertheless, *Wayfair*, the online retailer, challenged South Dakota's tax collection policy and took the case, *South Dakota v. Wayfair*, to the U.S. Supreme Court.

In *Wayfair*, the Court repealed *Quill's* physical presence standard so that sales tax collection obligations are no longer determined by holding property or paying payroll in a state, but by whether the seller has sufficient economic connections to the state via sales to its residents. In upholding South Dakota's tax regime, *Wayfair* detailed the state's efforts to ensure that its policy was not burdensome. The majority specifically mentioned South Dakota's retroactivity protections, its comparatively simple tax structure and uniform definitions, and its membership in the SSUTA.

After *Wayfair*, states do not have to follow South Dakota's tax structure perfectly, but states that want to expand tax collection obligations should minimize burdens on out-of-state retailers. Not surprisingly, however, other states have followed South Dakota's lead, adopting identical tax regimes without considering the features of their own economies or existing tax structures—both of which may bear little resemblance to South Dakota's. Regrettably, such untailored efforts are misguided.

Tax Policy Pitfalls After *Wayfair*

South Dakota's out-of-state tax collection regime upheld in *Wayfair* is unlikely to be appropriate for every state.[7] South Dakota's is not a one-size-fits-all policy, the Supreme Court did not hold that it was, and it would be a mistake for other states merely to retrofit South Dakota's policy onto their own tax structures.

For starters, South Dakota's economy and population are small compared to most states. Thus, its nexus thresholds of $100,000 in sales or 200 transactions per year that trigger tax-collection requirements would be too low for a larger economy like Ohio to adopt. Ohio's population and economy are at least 12 times larger than South Dakota's,[8] which means that small Ohio businesses are more likely to hit those low threshold triggers. And those low thresholds and administrative burdens may then deter budding companies from doing business in Ohio.

Some states have recognized that South Dakota's thresholds are too low to adopt and have already moved away from a standard based on the number of transactions and sales to other, less restrictive standards.[9] Better still, some states have made their nexus threshold the combined total sales amount and number of transactions, which avoids over-taxing businesses that make a lot of sales with low profit margins or that have smaller customer bases.

[7] John L. Mikesell, **Remote Vendors and American Sales and Use Taxation: The Balance Between Fixing the Problem and Fixing the Tax**, *National Tax Journal*, Volume 53, Issue 4 (December 2000) p. 1273-1286.

[8] **GDP by State**, BEA.gov (Last visited April 20, 2021); and **State Population by Characteristics: 2010-2019**, Census.gov (Last visited April 20, 2021).

[9] Ryan Prete and Tripp Baltz, **More States Ditching Number of Sales as Tax Threshold**, BloombergTax.com, April 12, 2019; and John L. Mikesell and Justin M. Ross, **After Wayfair: What are State Use Taxes Worth?**, working paper, School of Public and Environmental Affairs, Indiana University Bloomington, May 31, 2019.

Wayfair-inspired Policies Burden Non-Retailers

Wayfair has created administrative tax burdens for non-retailers, too. Many states have begun forcing "marketplace facilitators" to collect taxes for online sales as well. Marketplace facilitators such as eBay, Etsy, and Craigslist do not sell their own products; rather, they connect buyers and sellers, generally for a fee. After *Wayfair*, states can require facilitators who reach certain sales thresholds to collect and remit taxes on sales they merely help facilitate even though the sellers they help may not even reach the requisite thresholds themselves.[10] Many smaller marketplace facilitators lack the infrastructure to monitor every transaction, and some facilitators do not even coordinate payment or know the final transaction prices.[11]

Developing sophisticated systems to account for and comply with the various complex tax structures and collection requirements across the country would be especially burdensome for such facilitators. Many may be forced to reorganize, invest in otherwise unnecessary technologies or processes, and hire accountants to understand tax compliance and collection requirements. For smaller firms, the added costs may be too high, forcing them to close or discouraging them from ever even opening.[12]

Tax Complexity Hinders Compliance and Revenue Estimates

State and local tax codes vary widely, making it more difficult and expensive to comply with out-of-state tax collection requirements.[13] States like Ohio allow many local jurisdictions to levy their own sales taxes and set their own sales tax rates. Tax exemptions on various products and services only make the taxes more complex and compliance more difficult. Even though the SSUTA encourages states to adopt uniform sales and use tax standards among its members, tax coordination remains lackluster and many of the largest states have not joined the agreement.[14]

Complex tax systems also make it harder to estimate potential tax revenue from out-of-state e-commerce sales. Some analysts attempted to estimate the effect of taxing online sales before *Wayfair*, but much has changed since then.[15] Furthermore, large online retailers like Amazon began collecting sales taxes before *Wayfair* because they met *Quill's* nexus requirement. Their competitive advantage in sales tax collection and[16] the dominance of large, Amazon-like firms in the e-commerce space both before and after *Wayfair* make it unclear how much additional tax revenue states can expect to collect post-*Wayfair*.[17]

[10] John McDermott, SC, Amazon.com go to the mat in high-stakes sales-tax dispute, *The Post and Courier*, February 3, 2019; Lizzy Greenburg, State by State: Marketplace Facilitator Laws Explained, TaxJar.com, December 10, 2018.

[11] There is still some uncertainty and variation in how passive marketplaces are to be treated, though states have shown less interest in applying *Wayfair* to them. See David Gamage, Adam Thimmesch and Darien Shanske, Wayfair: Marketplaces and Foreign Vendors, Maurer School of Law, Indiana University Bloomington, October 8, 2018,

[12] *Retail Sales Tax Compliance Costs: A National Estimate, Volume One: Main Report*, PwC and National Economic Consulting, Prepared for Joint Cost of Collection Study, April 7, 2006; and Andrew Moylan and Andrew Wilford, *The Wayfair Decision: How Michigan Policymakers Should Respond*, The Mackinac Center for Public Policy, June 4, 2019.

[13] Whitney Afonso, The Barriers Created by Complexity: A State by State Analysis of Local Sales Tax Laws in Light of the Wayfair Ruling, Prepared for the 2019 PRMC, June 13, 2019.

[14] State that have not joined the SSUTA include California (which has the highest state sales tax), Florida (which has no income tax), New York (which relies more heavily on income taxes than most states), and Texas (which also has no income tax). About Us, StreamlinedSalesTax.org, (Last visited April 20, 2021); State Information, StreamlinedSalesTax.org, (Last visited April 20, 2021).

[15] Fitch Rtgs: States' Tax Revenue Boost from Online, Remote Sales to Vary, Fitch Ratings press release, November 30, 2018; Liz Farmer, This Week In Public Finance: Supreme Court Clears Way for States to Tax Online Sales, Governing.com, June 21, 2018; Donald Bruce, William F. Fox, and LeAnn Luna, State and Local Government Sales Tax Revenue Losses from Electronic Commerce, *Tax Notes State*, Volume 52, Number 7 (May 2009), p. 537-558; and Matt Behlke and Stephanie Cegielski, Uncollected Sales & Use Tax from Remote Sales: Revised Figures, National Conference of State Legislatures and International Council of Shopping Centers, March 2017.

[16] Katie McAuliffe, Amazon Can Support The Internet Sales Tax Because Amazon Is Exempt, *Forbes*, September 4, 2013; Gail Cole, Amazon Supports Remote Sales Tax Legislation, Avalara.com, January 29, 2013.

[17] Donald Bruce and William F. Fox, *An Analysis of Internet Sales Taxation and the Small Seller Exemption*, Office of Advocacy, Small Business Administration, Number 416, November 1, 2013; Karen Kasler, Researcher Says Online Sales Tax Ruling May Not Be Windfall For Ohio, Ohio Public Radio, April 8, 2019; and Peter Callaghan, So about that internet sales tax windfall Minnesota was going to collect, MinnPost.com, December 19, 2018.

Wayfair Beyond Sales Taxes

The *Wayfair* decision threatens to expand the use of broader nexus thresholds beyond sales and use taxes. By allowing low sales and transactions thresholds like South Dakota's to subject businesses to new tax collection obligations, states could extend *Wayfair* to other, more harmful taxes and damage their economies. Ohio's CAT, for example, levies a gross receipts tax on goods at every stage of production. Adding *Wayfair*-inspired sales taxes on top of Ohio's CAT will subject some products to multiple taxes at various production stages—and *then* they will ultimately be subject to Ohio's sales tax. Such multi-layered taxation will make goods more expensive to produce and to buy, deterring business growth, job creation, and consumption in the state.[18] And in that scenario everyone loses, even tax collectors.

The COVID-19 pandemic has underscored the need to get e-commerce sales tax policy right. The outbreak and subsequent social and governmental responses dramatically increased online sales. As consumers stayed home and shopped online beginning in the spring of 2020, e-commerce saw year-over-year sales growth of more than 44 percent compared to the same quarter in 2019.[19] Such growth accelerated due to the pandemic, but the rapid growth merely continues a years-long trend as e-commerce sales now constitute 14 percent of all retail sales.[20] In 2011, online sales made up less than 5 percent of sales and only about 10 percent when *Wayfair* was decided in 2018. With e-commerce showing no signs of abating, *Wayfair*'s influence will continue to grow and state policymakers must plan their tax policies carefully.

Optimal Tax Policy for Ohio After *Wayfair*

After *Wayfair*, Ohio must avoid overburdening businesses with complex tax regimes that hamper business investment, economic growth, and job creation. A well-designed tax policy should pursue the post-*Wayfair* revenue-raising advantages without discouraging business and entrepreneurship. Ohio's sales and use taxes aligned with *Wayfair* in the Fiscal Year 2020-2021 budget[21] because policymakers adopted South Dakota's nexus threshold limits. Out-of-state businesses must now remit sales taxes when they reach $100,000 or 200 sales to Ohioans. This design is not ideal and changes should be made to make Ohio more attractive to in-state and out-of-state companies.[22]

Two principles should guide Ohio's post-*Wayfair* tax policy:

1. **Do No Harm**: Set nexus thresholds high enough to avoid administrative burdens on small businesses. Eliminate or raise thresholds that subject small firms to expensive, multi-state tax compliance that they cannot afford. Eliminate reporting requirements that place an over-sized, unfair burden on smaller firms.
2. **Simplicity:** Simplify the tax code to reduce compliance costs for those companies that meet the nexus thresholds, reduce the number of taxing authorities, and make tax remittance straightforward.

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[18] The more broadly the CAT is applied, the more Ohio businesses dependent on inputs from other states will have reduced access to the goods they need. However, the more narrowly it is applied to out-of-state purchases, the more Ohio businesses are put at a disadvantage to out-of-state competitors.

[19] Jessica Young, Pandemic causes US ecommerce to surge north of 32% in Q4, Digital Commerce 360, February 19, 2021.

[20] Quarterly Retail E-Commerce Sales 4th Quarter 2020, U.S. Census Bureau press release, February 19, 2021.

[21] House Bill 166, 133rd Ohio General Assembly, Legislature.Ohio.gov (Last visited April 21, 2021).

[22] John Mikesell, a leading expert in tax policy, outlined a broad set of criteria for ideal tax policy. His criteria are "(i) uniformity of burden distribution by commodity or service to avoid discrimination against individuals according to preference; (ii) neutrality with respect to methods of production and channels of distribution; and (iii) ease of administration for both tax authorities and taxpaying firms." John L. Mikesell, Remote Vendors and American Sales and Use Taxation: The Balance Between Fixing the Problem and Fixing the Tax, *National Tax Journal*, Volume 53, Issue 4 (December 2000) p. 1273-1286.

Nexus Policies Should Not Harm Entrepreneurs

Entrepreneurs and small businesses navigate regulations, bureaucracy, and stiff competition to survive. Adopting low nexus thresholds after *Wayfair* to raise government revenue will add yet another administrative expense, forcing smaller or fledgling firms to comply with unfamiliar tax regimes. Unlike large e-commerce companies, smaller firms lack the resources to adapt to new requirements, cutting them off from new markets and stunting their growth. To avoid harming smaller businesses and entrepreneurs, nexus thresholds should be set carefully to encourage rather than discourage entrepreneurship and expansion. Unfortunately, Ohio's FY 2020-2021 budget adopted South Dakota's low nexus threshold and should be amended.

First, Ohio should raise the sales and use nexus threshold to at least a more reasonable $500,000 sales threshold—the same as Ohio's CAT threshold. This will exempt smaller firms and entrepreneurs from some administrative burdens. A better policy would eliminate the CAT altogether, but aligning the CAT and the *Wayfair* nexus sales thresholds will at least reduce complexity and confusion for businesses. Second, Ohio should make the nexus threshold requirement both a specific sales amount *and* a total number of transactions. This will help ensure that small businesses continue to sell to Ohio residents without additional administrative expenses. Third, the nexus sales threshold should apply only to taxable sales, and not wholesale transactions or sales of non-taxable items. This will help protect businesses that might exceed a threshold in gross sales but not in taxable sales.

Finally, Ohio should ensure that small, out-of-state sellers that do not meet Ohio's nexus sales thresholds are also exempt from the state's administrative sales reporting requirements.[23] Regulatory burdens discourage start-ups and entrepreneurs. No new reporting regulations should be placed on smaller companies that do not meet nexus requirements.

Simplify the State's Tax Regime to Ease Compliance Burdens

Complex tax codes discourage businesses and entrepreneurship.[24] And the more taxing authorities a business must face, the more complex the tax regime. According to the Tax Foundation, the number of tax authorities in each state ranges from 1 to 1,594.[25] Ohio has 97 different taxing entities that can levy sales taxes, with 10 different tax rates currently in effect statewide.[26] This requires e-commerce businesses to collect detailed buyer information to determine the appropriate sales tax to charge for each sale. Fortunately, businesses only have to remit to one Ohio entity (the state), and sales tax exemptions are uniform across jurisdictions, which alleviate some of the collection and remittance burdens. But there is room for improvement.

First, Ohio can reduce its number of taxing authorities. The more taxing authorities in a state, the more complicated and complex its tax compliance. Regulatory complexity and uncertainty kill businesses and

[23] Colorado offers an example of what not to do. Colorado policy currently requires small out-of-state businesses who do not meet the nexus threshold to collect information on their customers and report that information to the state. Then, the businesses must also provide a notice to each customer that they are liable for collections. Although this seems like a small burden, for a small business this is a disproportionately high administrative hurdle they have to leap just to do business in Colorado. And if they surpass the nexus threshold over the course of a year, they must suddenly start collecting and remitting another tax, adding "one more thing" to the to-do lists of small businesses that needs to be completed with every transaction. Colorado Department of Revenue, Use Tax – Retailer Reporting Requirements, Colorado.gov (Last visited April, 27, 2021).

[24] Soledad Artiz Prillaman and Kenneth J. Meier, Taxes, Incentives, and Economic Growth: Assessing the Impact of Pro-business Taxes on U.S. State Economies, *The Journal of Politics*, Volume 76, Number 2 (April 2014) p. 364-379; Donald Bruce and John Deskins, Can state tax policies be used to promote entrepreneurial activity?, *Small Business Economics*, Volume 38, Issue 4 (May 2012) p. 375-397; and Donald Bruce, John Deskins, and William F. Fox, On the Extent, Growth, and Efficiency Consequences of State Business Tax Planning, *Taxing Corporate Income in the 21st Century*, ed. by Alan J. Auerbach, James R. Hines, Jr., and Joel Slemrod (2007) p. 226-256.

[25] Katherine Loughead, Growing Number of State Sales Tax Jurisdictions Makes South Dakota v. Wayfair That Much More Imperative, The Tax Foundation, April 17, 2018.

[26] Total State and Local Sales Tax Rates, by County, Effective April, 2021, Tax.Ohio.gov (Last visited April 26, 2021).

jobs. Businesses thrive instead on streamlined simplicity and predictability. Ohio has already aligned sales tax exemptions and other regulations. The next step is to minimize taxing authority altogether.

Second, the state should eliminate its "cookie nexus" that remains an unenforced law on the books. Businesses should not have to guess which laws the state will enforce or which dormant requirement may someday be revived. Picking a nexus and sticking to it will simplify the system for companies and make it more predictable.

Third, Ohio should make it easy for out-of-state companies to know how much tax to collect and remit. That information should be straightforward, uncomplicated, and readily available without any need to link a unique tax rate to a buyer's zip code. Like South Dakota, Ohio should develop and distribute free software to help businesses determine the proper sales tax. Ideally, a multi-state effort will develop a single software application to allow businesses to compute tax burdens across the country.

This approach will encourage business, reduce public and private sector costs, increase tax compliance, and benefit state revenue departments. Studies show that tax complexity yields greater non-compliance—even when the complexity saves taxpayers money.[27]

Conclusion

The Supreme Court's decision in *South Dakota v. Wayfair* opened the door for states to revise how they collect sales taxes on interstate transactions. Regrettably, looking to avoid legal challenges or comply with the Court's ruling, some states simply adopted the South Dakota tax model that *Wayfair* had approved. But South Dakota's economy and tax regime do not offer a one-size-fits-all approach that makes sense for every state. States need to tailor their own *Wayfair*-compliant interstate tax structure to fit their own economic needs.

Tax compliance burdens businesses. They spend significant sums on accounting, legal advice, and software to comply with state and local tax codes—sums that many smaller firms and entrepreneurs can hardly afford already. Out-of-state nexus requirements and reporting obligations only add complexity and cost. States, like Ohio, should reassess their post-*Wayfair* threshold triggers and make sure that they do not unfairly hinder small businesses or stall economic growth. As part of that reassessment, states should simplify their tax codes, eliminate confusing and outdated provisions, streamline collection and remittance procedures, and develop multi-state software that will make out-of-state tax compliance easier and less expensive. Taking these steps in a post-*Wayfair* environment will promote economic growth and recovery, accelerate hiring, and make tax collection more effective. As Ohio and other states continue responding to the COVID-19 crisis, they must pursue sound sales tax strategies that do not burden their businesses or consumers, or hamper their economic recovery.

About the Authors

Rea S. Hederman Jr. *is the Executive Director of the Economic Research Center and Vice President of Policy at The Buckeye Institute.*
Andrew J. Kidd, Ph.D. *was an economist with the Economic Research Center the at The Buckeye Institute.*
James B. Woodward, Ph.D. *was an economic research analyst with the Economic Research Center the at The Buckeye Institute.*
Andrew Moylan *is the Executive Vice President at National Taxpayers Union Foundation.*
Andrew Wilford *is a Policy Analyst with National Taxpayers Union Foundation.*

[27] Natrah Saad, Tax Knowledge, Tax Complexity and Tax Compliance: Taxpayers' View, *Procedia – Social and Behavioral Sciences*, Volume 109, Issue 8 (January 2014) p. 1069-1075; Luigi A. Franzoni, "Tax Evasion and Tax Compliance," *Encyclopedia of Law and Economics*, 1998; and Lilia Arcos Holzinger and Nicholas Biddle, Behavioural insights of tax compliance: An overview of recent conceptual and empirical approaches, working paper, Tax and Transfer Policy Institute, Crawford School of Public Policy, Australian National University, October 28, 2016.

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