**Fiscal Facts: U.S. Supreme Court ruling in June reverses earlier decisions on online sales taxes**

Until June, state and local governments had been prevented from collecting taxes on some online sales of goods being shipped into the state. Past U.S. Supreme Court rulings found states could not require sales taxes be applied to businesses without a substantial nexus with the state, which has meant that the seller must have employees or a physical presence in the state, such as a store or warehouse.

The Supreme Court’s most recent decision in *South Dakota v. Wayfair Inc.* reversed those earlier rulings and upheld a South Dakota law that requires online retailers to pay the tax if they have more than 200 transactions with South Dakota residents or have annual sales of more than $100,000 in the state.

In light of the court’s decision, Wisconsin is expected to apply state and local sales taxes to such transactions beginning Oct. 1.

*This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education.*