

## Shop for Change

There's a national movement afoot to encourage people to change their habits and do more to support their local independent retailers. In fact, your state or municipality may even have developed their own grassroots movements to encourage you to buy locally and to ensure that sales tax revenues remain in your own backyard.

It may be hard to pass up that great bargain at the "big box" store down the road or on the Internet. For the most part, these groups aren't asking you to. They are just asking that you include your local retailers in your shopping mix and make sure that your community gets its fair share of tax revenues from products you purchase.

Did you know that when you buy from local retailers instead of at corporate chains, up to three times more money stays in the local economy? Grand Rapids, Michigan performed a civic economics study in 2008 that showed that a simple 10% shift in market share from chains to local retailers could result in nearly \$140 million in new economic activity, over 1600 new jobs, and over \$50 million in new wages in their community alone.

As we covered in an earlier article ([Surprise Package: Inside Your Local Baby Store, June 2010](#)), local retailers also provide good and often higher paying jobs for local workers, better service to customers, and more investment in the community.

The issue with buying on the Internet primarily comes down to sales tax. Who pays it, who gets it and when. Over \$150 billion is spent online by shoppers annually, and only when the online retailers have a presence in a particular state is sales tax charged. This represents a loss of billions of dollars in tax revenues to our financially strapped states and local municipalities.

If you live in a state that collects sales tax, you are technically required to pay tax to your state on every online purchase you make. When an Internet retailer doesn't collect sales tax on your purchase, you are still responsible for claiming it on your state income tax form as a "use" tax.

How many of us really do this, or even know we are supposed to? Up to now, most states have not been overly zealous in enforcing this tax for smaller purchases, but times are changing.

The state of New York, for example, has a dedicated line on income tax returns requiring all residents to calculate how much they should pay on Internet, mail order and out-of-state purchases. California has been running a campaign to educate taxpayers on what's owed. Congress has also recently entered a bill to require that state sales tax be added to all products purchased over the Internet.

If you think this is a bad thing, consider this. Enforcing a "use" or consumption tax for those consumers who purchase goods over the Internet means additional money circulating in your local economy, more jobs saved, improved/expanded municipal and community services, lower property and local sales tax, and more money back in your pocket.

One of these nationwide movements, [The 3/50 Project](#), offers a simple formula to help you get started. Just commit to spend at least \$50 of your monthly budget shopping at locally owned businesses.

They recommend that you select three favorite local businesses to patronize. Put your local [Baby Product Experts affiliated store](#) on your list, and we will help your budget go even further with our monthly Baby Bucks and [Great Deals](#) coupons and rebates.



*Baby Product Experts specialty stores provide safe, high-quality products and expert advice.*