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Lawmaker: End tax break for Cabela's

By JOHN MILLER

BOISE, Idaho

A tax concession that allows some businesses to avoid collecting sales taxes from online and catalog sales to Idaho residents is unfair and should be dumped, a state lawmaker says.

The issue arose after the giant outdoor-goods retailer Cabela's Inc. won concessions from the State Tax Commission before opening its first Idaho store in Boise last August.

Nebraska-based Cabela's had not previously collected sales tax from Idaho residents who bought goods over the Internet or from its catalogs, and the commission allowed that to continue after the Boise store opened.

Sen. Brad Little, R-Emmett, said that isn't fair to other businesses here that do collect taxes on their so-called remote sales to Idaho residents.

Idaho residents who shop online from companies that don't collect the tax are required to send sales tax from those transactions to the state, but they rarely do.

"The Legislature should have a policy of not giving an unfair advantage to one company over another," Little said.

Sports Authority, another national sporting goods retailer with stores in Idaho, also doesn't collect sales taxes on its online transactions with customers from Idaho.

If Little's legislation to eliminate the tax exemption survives the state House and Senate and is signed by Gov. C.L. "Butch" Otter, it would boost the state's coffers by about \$500,000 annually, he said.

Cabela's, which gets \$1 billion of its \$1.8 billion in annual revenue from online or catalog sales, often asks for such concessions when it expands its large stores in new states.

Nineteen states have approved similar exemptions.

The company is now considering sites in Post Falls, Idaho, and neighboring Washington for more stores.

Some northern Idaho lawmakers fear eliminating the tax loophole could wind up chasing the company -- and the economic infusion it would provide to the local economy -- across state lines.

Recently, however, Cabela's has given up demands for the special tax status elsewhere in the United States.

In Maine, it's moving ahead with a \$75 million development after dropping insistence on a sales tax waiver on catalog and online orders from in-state customers there. Like Little, critics in Maine contended such a waiver would have given Cabela's an unfair advantage over homegrown rivals, including L.L. Bean.

Cabela's spokesman James Powell didn't immediately return phone calls from The Associated Press seeking comment on the Idaho measure.