

Wait, why is Amazon building warehouses everywhere?

By [Steve Thorngate](#)

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David Streitfeld's [Times writeup](#) on Amazon's latest customer-service push is generally informative, but he buries the lede. Here's his explanation as to why the retailer is putting up new warehouses all over the country:

This multibillion-dollar building frenzy comes as Amazon is about to lose perhaps its biggest competitive edge — that the vast majority of its customers do not pay sales tax. After negotiations with lawmakers, the company is beginning to collect taxes in California, Texas, Pennsylvania and other states. But Amazon hopes that the warehouses will allow it to provide better service, giving it the ability to up-end the retailing industry in an entirely new way.

So they needed a new way to have an edge, and they happened to go with more warehouses? Nine paragraphs later we get a nice summary of the reason Amazon was, until recently, able to avoid collecting sales tax:

Since the company's founding, Mr. Bezos held on tightly to a 1992 Supreme Court decision that said mail-order merchants did not have to collect tax in states where they did not have physical operations. (Consumers were supposed to pay a use tax directly to the state, but few did.)

Then states started to push back against this status quo, including Illinois. [As I wrote earlier this year](#), the State's argument was that affiliate marketing partners constitute physical operations—and Amazon's response was to cut off affiliate marketers, including the Chicago-based *Century*, statewide.

Now, in states where Amazon is losing this fight, it's building warehouses. Any chance this is not just because they need a new strategy but also because the old, no-longer-relevant one was itself premised on not having warehouses in most states?

The *Times* story, oddly, uses up most of its space before it gets in the vicinity of this question, and even then it doesn't address it directly. If this were the first story I

read about the Amazon sales tax flap, I don't think I'd take away anything more than a) they have to charge sales tax in more states now, and b) so they're trying to keep their competitive edge by delivering things faster. Weird.

In any case, the odds look good that the *Century* will at some point be able to rejoin Amazon's affiliate program. In the meantime, use the links all over the site's bookish sections to support the *Century* by shopping at [Powell's](#) or at [Indiebound](#)'s network of independent stores.