



AMERICANS FOR TAX REFORM

# LEGISLATIVE ALERT

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## **Don't Tax the Internet: Support McCain Compromise**

Senator John McCain (R-AZ) has announced a compromise to S.150, the Internet Tax Non-Discrimination Act. The compromise will extend the expired moratorium on Internet access taxes, phase out taxes on Digital Subscriber Lines ("DSL") that states had started to collect, and address concerns about the treatment of Voice Over Internet Protocol (VOIP).

**While Americans for Tax Reform (ATR) is disappointed that the new amendment does not provide for a permanent moratorium on Internet taxes, Senators should support Sen. McCain's compromise to extend the moratorium in order to keep access taxes off of the Internet.**

**Because passage of a moratorium on Internet taxation is a top priority of American taxpayers, Americans for Tax Reform (ATR) will double rate any vote against cloture or in support of the Unfunded Mandate Point of Order. In addition, ATR will double rate any votes in favor of amendments that significantly alter the compromise legislation. Therefore, it will be difficult or impossible to receive ATR's annual Friend of the Taxpayer award by voting against a ban on Internet access taxes.**

In 1998, Congress acted to put an end to taxes that unfairly single out the Internet. However, the current moratorium expired on November 1, 2003. Congress must act quickly to enact S.150, which eliminates taxes on Internet access, double-taxation of a product or service bought over the Internet, and discriminatory taxes that treat Internet purchases differently than other types of sales.

Supporters of S. 150 have worked tirelessly to address the concerns expressed by State and local groups surrounding their existing tax base for telecommunication services as well as property, income, and corporate taxes. These negotiations have led to the compromise offered by Sen. McCain. **However, some groups that want to tax the Internet have used these negotiations to stall passage of a ban on Internet access taxes.**

By ensuring that the Internet remains tax-free, individuals and small businesses that could not afford access to the Internet have begun to share in the wealth of opportunities that the World Wide Web has offered. ATR is committed to seeing this trend continue, and the Internet is not burdened with taxes and regulations, harming future growth and innovation.

## **ATR WILL RATE THESE VOTES IN OUR ANNUAL CONGRESSIONAL RATINGS BOOK**