



NEWS

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Senators Lamar Alexander and Tom Carper Introduce Legislation to Limit the Internet Tax Moratorium

Taxpayer group blasts Senators' legislation only temporarily extending Internet access tax moratorium.

WASHINGTON — Today Senators Lamar Alexander (R-TN) and Tom Carper (D-DE) introduced legislation that would temporarily extend the now expired Internet access tax moratorium. **Because the legislation only extends the expired Internet Tax Freedom Act and slaps at least \$1.5 billion in new taxes on millions of DSL and wireless internet users, Americans for Tax Reform (ATR), the nations leading taxpayer advocacy organization, strongly opposes the legislation that would ultimately allow states to tax the Internet.**

In 1998, and more recently in 2001, Congress acted to put an end to taxes **on Internet access, double-taxation of a product or service bought over the Internet, and discriminatory taxes that treat Internet purchases differently from other types of purchases.** However, Senators Lamar Alexander and his tax the Internet friends prevented the Senate from permanently extending this ban on Internet access taxes, before the Senate adjourned last year.

“Clearly the Senators continue to be more concerned about protecting tax collectors instead of taxpayers” said Grover Norquist, President of ATR. **“Since Senators Alexander and Carper do not like being known as the Senators that allowed the Internet to be taxed, they have introduced this sham and called it a compromise.”**

The new legislation introduced by Senators Alexander and Carper is similar to an amendment they introduced during the debate last year, and contains the same flaws. The bill would turn 7,600 state and local jurisdictions loose to tax every email, blackberry message and spam filtering system. Moreover, the bill slaps at least \$1.5 billion in new taxes on more than 10s of millions of DSL and wireless internet users.

Every student laptop user who gets on the internet at Starbucks or in a classroom and every business person who gets on the Internet at an airport or a hotel room would be facing new Internet access taxes. These regressive taxes can run upwards of 20-25% of a consumer's monthly access bill, or about \$120 to \$150 a year. Furthermore, the bill makes a mockery of tax and technological neutrality, and denies consumers a real choice in high speed internet access by discouraging consumers from choosing wireless and DSL.

“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,” said Norquist. **“However, the bill introduced by Senators Alexander and Carper ensure that Americans now face the prospects of paying taxes on everything from email to instant messages and filters for spam or junk email. Not only that, these taxes will hit schools, libraries, hospitals and families - those who use the Internet for research, education, and, most critically, communication.”**

Supporters of the legislation have worked tirelessly to address the concerns expressed by the Senators, State and local groups surrounding their existing tax base for telecommunication services as well as property, income, and corporate taxes.

However, Senators Alexander and Carper remain opposed to a permanent ban on Internet access taxes and have introduced this bill to hide their true desire which is to allow states to tax the Internet.

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by e-mail at jcollegio@atr.org.