



NEWS

AMERICANS FOR TAX REFORM

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State of Tennessee to Senator Lamar “Sundquist” Alexander: We Won’t Tax Internet Access

Tennessee Department of Revenue announces that they will no longer collect sales tax on Internet access bills.

WASHINGTON — Following a ruling made by the Tennessee Supreme Court, the Tennessee Department of Revenue announced that they will no longer collect sales on Internet access bills and will refund the taxes that have already been collected. **Because Internet taxes are complicated, unfair, and an immense burden on the economy Americans for Tax Reform (ATR), the nations leading taxpayer advocacy organization, has strongly opposes the efforts of Senator Lamar Alexander and other State and local tax collector groups to allow states to tax the Internet.**

“The Tennessee State Supreme Court’s ruling clearly states that Tennessee can no longer tax access to the Internet,” said Grover Norquist, President of ATR. **“Maybe this decision will finally convince Sen. Alexander to stop protecting tax collectors and work on defending taxpayers.”**

In December of 2003, the Tennessee Supreme Court declined to review an August 2002 appeals court ruling that said Prodigy, an Internet services company, did not have to collect sales tax on the internet service it provides in the state. Therefore, a Tennessee customer who pays \$20 a month for Internet service would no longer pay \$1.70 in state and local taxes and families or individuals paying \$50 a month for Internet access would save about \$3.75 a month.

In 1998, and more recently in 2001, Congress acted to put an end to taxes that unfairly single out the Internet. However, because Senator Alexander prevented the Senate from passing a new ban on Internet access taxes and multiple and discriminatory taxes, 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. **Sen. Alexander should follow his home State’s lead and end his efforts to stall passage of a permanent ban on Internet access taxes.**

“By ensuring that the Internet remains tax-free, the State of Tennessee has ensured that all Tennesseans and Tennessee small businesses will continue to share in the wealth of opportunities that the World Wide Web has offered,” said Norquist. **“Unfortunately, Sen. Alexander does not support elimination of 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. Hopefully, this decision will change his mind, and he will work to end Internet access taxes that are complicated, unfair, and an immense burden on the economy which harms future growth and innovation.”**

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.