



AMERICANS FOR TAX REFORM

GROVER G. NORQUIST

PRESIDENT

Letters to the Editor
The Washington Post
1150 15th Street Northwest
Washington, DC 20071

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To the Editor:

I must take exception to the August 5th editorial in which the Washington Post characterized congressional efforts to prohibit state and local taxation of Voiceover Internet Protocol (VoIP) as “forcing state governments to subsidize an industry that is ready to compete on its own.”

While I am no defender of government subsidies, leaving new technology free to flourish unencumbered by onerous tax and regulatory burdens is not a subsidy. There is an antiquated philosophy that says cutting taxes is the same as spending, but the truth is extending the ridiculous taxes that have drowned the telecommunications industry for a century to VoIP would cripple a promising new technology from the start – some subsidy!

The Post’s justifications for state and local taxation of VoIP stem from a glaring factual error. The editorial states that telecom taxes “are used to pay for 911 call centers [and] to bring phone service to poor and rural residents...”. Telecommunications taxes go into the general fund, while 911 capability and so-called “universal service” are generally funded by specific surcharges, NOT by telecom taxes.

There is one point in the Post’s article with which I cannot disagree. It is truly illogical for government to favor one technology over another, and therefore existing telecom providers should not bear a greater tax burden than other industries, as they currently do. Some have proposed extending “4R” laws – which prohibit taxation of infrastructure such as railroads at a rate greater than that of the sales tax – to telecom. This would simply subject telecommunications providers to the same tax burden as other industries. I look forward to the Post’s enthusiastic support of that initiative, which would finally force government to stop “illogically favoring one technology over another.”

Sincerely,

Grover Norquist