



AMERICANS FOR TAX REFORM

# LEGISLATIVE ALERT

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## **DON'T LET STATES STIFLE NEW TECHNOLOGIES**

### **SUPPORT S. 2281 AND H.R. 4129**

**Americans for Tax Reform strongly supports S. 2281 and H.R. 4129, the “VoIP Regulatory Freedom Act of 2004.”** The bills mandate federal pre-emption of state and local taxation and regulation of Voice over Internet Protocol (VoIP).

States and localities have been racing to slap taxes and regulations on VoIP since its inception, attempting to classify the new technology as a traditional telecommunications service. To place the same draconian taxes and regulations on VoIP that currently exist for telecommunications would serve to stifle a promising, inexpensive new technology that could provide the impetus for market, not government, driven broadband deployment.

VoIP, which transmits voice data as a digitized computer code not unlike e-mail, pictures or documents, represents just another use of “information service,” which Congress has repeatedly said is not the same as telecommunications. Further, VoIP is an interstate commerce, for which the U.S. Constitution clearly prescribes federal, not state, regulation.

The VoIP Regulatory Freedom Act vests the federal government with the power to regulate VoIP services, and expressly prohibits state regulators from encroaching on this authority. The bills also would prohibit federal and state regulators from extending existing telephone taxes and fees – enacted to fund the Spanish-American War – to VoIP.

VoIP promises to revolutionize voice communications. To subject the new technology to salivating tax collectors and regulators in 30,000 different jurisdictions across America will serve only to crush innovation and discourage the growth of VoIP. **ATR strongly supports S. 2281 and H.R. 4129 and any other vehicle designed to protect VoIP from burdensome regulation and taxation.**

**ATR MAY RATE A VOTE FOR VoIP REGULATORY  
FREEDOM AS A VOTE FOR TAXPAYERS**