



NEWS

AMERICANS FOR TAX REFORM

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Taxpayers Win Major Battle in Fight for a Tax Free Internet

Senate invokes cloture on McCain compromise for S. 150, paving the way for a four year moratorium

WASHINGTON—Today Americans for Tax Reform (ATR) claimed victory on behalf of taxpayers nationwide for a major successful Senate vote in favor of a tax-free Internet. This afternoon, debate was successfully ended on the McCain compromise on S. 150 by a cloture vote with 64 votes in favor. Sixty votes were needed to cut off debate on the measure in order for it to go forward to a final vote. The measure is expected to pass the final vote, which requires only a majority.

"Finally, we have been able to put a stop to the machinations of the tax-and-spend crowd in their efforts to tax the Internet on everything from e-mail to your ISP," said ATR President Grover Norquist. **"Until now, every time we saw light at the end of the tunnel, Senator Lamar Alexander [R-TN] or a money-hungry governor stood in the way. With the moratorium renewed, the technology sector will be protected from punitive Internet taxes while we work on a permanent ban."**

Since the moratorium on Internet taxes first approached expiration last year, ATR has warned against allowing states and localities to tax Internet access and usage. The compromise cleared today 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).

Because Internet taxes are complicated, unfair, and an immense burden on the economy ATR has strongly supported the efforts of President Bush and Senator Allen (R-Va.) to protect all Americans from taxes on Internet access. Unfortunately, a handful of Senators, led by Lamar Alexander (R-Tenn.) and backed by the National Governors Association, opposed the McCain compromise amendment, holding up its passage.

While ATR is disappointed that the new amendment does not provide for a permanent ban on Internet taxes, the group considers the imminent passage of Sen. McCain's compromise a major victory, though enemies of Internet tax freedom will try to damage the bill as much as possible through amendments.

"With many states and localities salivating over new taxing options, today we're at least able to draw a line around Internet service and say, 'off limits!' This goose is laying too many golden eggs for us to let Sen. Alexander and ill-disciplined governors lay it on the chopping block," Norquist added.

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

