



NEWS

AMERICANS FOR TAX REFORM

1920 L Street, NW • Suite 200 • Washington, DC 20036
202.785.0266 • Fax 202.785.0261

WWW.ATR.ORG

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CONTACT: Jonathan Collegio
202-785-0266

ATR Voices Opposition to Legislation That Taxes Internet Commerce

Bill would allow states to tax Internet commerce across state lines.

WASHINGTON — Today Rep. Ernie Istook (R-OK) introduced legislation modeled after the Streamlined Sales Tax Proposal (SSTP). The bill requires states to tax Internet retail sales and forces remote sellers to collect new sales and use taxes. **Americans for Tax Reform, (ATR) the nations leading taxpayer advocacy organization, strongly opposes any and all efforts to raise taxes and believes that Rep. Istook's legislation represents a tax increase.**

“SSTP is a tax harmonization plan used to tax Internet commerce and other types of interstate commerce and allow state legislatures to raise taxes on working families,” said Grover Norquist, President of ATR. **“While Representative Istook claims that the SSTP will allow each state and locality to make their own decisions, the SSTP forces state and local legislators to cede important control over aspects of their state's sovereign tax system to a national cartel.”**

Under the guise of tax simplification, this legislation will override a Supreme Court decision that prevents states from taxing interstate commerce without explicit Congressional permission. In addition, supporters of this legislation have clearly not taken into consideration the negative impact of extending sales taxes to include many currently untaxed online transactions. Since Internet sales only comprise 1.5% of all sales, a new tax will harm small online retailers and severely impact online economic growth and productivity. In short, the bill taxes a very small sector of the retail market and applies a regressive, overly punitive tax on online sellers and buyers.

“Supporters of the SSTP claim that it is not fair when citizens pay taxes on purchases in stores but not on purchases through catalogues or over the Internet. However they do little to reduce the tax burden on bricks and mortar stores,” said Norquist. **“What so-called fairness police should be working towards is cutting sales and use taxes across the board.”**

By ensuring that the Internet has remained 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 offers. Main Street businesses and merchants have set up shops online to expand their business to a universe of customers far beyond their current geographic locations.

This represents just one of the many positive outcomes of a tax-free Internet. Instituting a new tax on Internet commerce would severely harm the economy and lead to further loss of jobs.

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.