



NEWS

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FOR IMMEDIATE RELEASE
27 October, 2003

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Taxpayers to Senator Cantwell: Pass Internet Tax Moratorium

Taxpayer group blasts Senator's hold on legislation that permanently extends Internet access tax moratorium.

WASHINGTON — Efforts to make pass S. 150, the Internet Tax Non-Discrimination Act, came to an abrupt halt this week when Senator Marie Cantwell (D-WA) placed a legislative “hold” on the bill preventing it from coming to the Senate floor for a vote. **Americans for Tax Reform (ATR), the Nation’s leading taxpayer advocacy organization, strongly opposes any and all efforts to raise taxes and believes that Senator Cantwell’s hold on S. 150 represents a *de facto* tax increase on the American people who log on the Internet.**

“Clearly Senator Cantwell is more concerned about protecting tax collectors instead of taxpayers,” said Grover Norquist, President of ATR. **“By placing a hold on S. 150, the Senator from Washington is supporting taxes on Internet access and e-mail, as well as double-taxation of a product or service bought over the Internet.”**

Senator Cantwell is holding up the bill to ensure that Washington State can tax Internet access by imposing a “gross receipts” tax on the nation’s Internet access providers when they provide Internet access to Washington consumers. Although the generally applicable gross receipts tax rate in Washington State is .471%, the tax rate for Internet access service is 1.5%. This means that Internet access in Washington State already faces an extra 1% tax burden, and that tax burden is paid by Internet users in the form of higher prices.

“Senator Cantwell is telling Washingtonians they need higher tax burdens on their Internet access,” said Norquist. **“Whether it's paid by them or by their Internet Service Providers through a gross receipts tax, Internet users in Washington State will pay the bill.”**

In 1998, and more recently in 2001, Congress acted to put an end to taxes that unfairly single out the Internet or that tax Internet access. That moratorium sunsets on November 1, 2003. If Congress does not extend the ban, American consumers will face a *de facto* tax increase at a time when they are least able to pay it and at a time when each state is competing to get more citizens logged on the Internet. Not only that, this tax will hit schools, libraries, hospitals and families - those who use the Internet for research, education, and, most critically, communication.

Because the current moratorium is scheduled to expire on November 1, 2003, Congress must act quickly to permanently ban Internet taxes that are complicated, unfair, and an immense burden on the economy. Both the Senate Commerce and Finance Committees have cleared the Internet Tax Non-Discrimination Act, and now Senator Cantwell’s legislative hold is preventing the Senate from quickly scheduling a vote on this important legislation.

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