



October 25, 2007

An Open Letter to the United States Senate: Taxpayers Demand Permanent and Genuine Protection from Internet Taxes

Dear Senator:

On behalf of the millions of members represented by our respective organizations, we write to urge swift consideration of S. 156, the Permanent Internet Tax Freedom Act. This critically important bipartisan bill would make the soon-to-expire moratorium on Internet access taxes permanent. Furthermore, S. 156 would continue protecting a broad but sensible range of online activities that might not be covered under other extension bills.

As you know, the moratorium on Internet taxes and fees (renewed by the 2004 Internet Tax Nondiscrimination Act) ends on November 1. The House of Representatives passed a watered-down moratorium bill on October 16, in the form of H.R. 3678. This legislation only extends the moratorium until 2011 and does nothing to help taxpayers in states with grandfathered taxes.

We are especially concerned that the restrictive House language chips away at the definition of what Internet services are protected, and could ultimately subject new Internet services to taxation. Current law prohibits taxation of “services to access content, information, electronic mail or other services over the Internet.” This protection is guaranteed no matter who provides the service or if it is incidental to connecting to the web. However, the House-passed language defines “Internet access” in a much narrower way and could open up previously-untouched online programming, products, and services to taxation.

Surely the Senate can do better by passing S. 156, which would truly keep all taxpayers safe from the threat of Internet taxes. In the meantime, we encourage the Congress to pass a clean, six-month extension of the existing moratorium to allow for this action. Only legislation that makes the moratorium permanent AND preserves the current definition of Internet access will truly protect taxpayers in the long term.

If Congress does not act soon, taxpayers across the country would likely face new Internet taxes levied by emboldened state and local governments. Help keep Internet service affordable by taking these taxes off the table once and for all.

Sincerely,

Pete Sepp
VP for Communications
National Taxpayers Union

Tom Schatz
President
Council for Citizens Against
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Tim Phillips
President
Americans for Prosperity

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