

INTERNET TAXATION – THE WIRELESS INDUSTRY’S PERSPECTIVE
Support H.R. 743/S. 156

- At a time when wireless customers are demanding and receiving vibrant new broadband services such as data, video, music, and games, new taxes on Internet access could have a chilling effect on both wireless broadband adoption and investment.
- Consumer demand for wireless service is extremely price sensitive. Studies have estimated that for every one percent increase in price reduces demand for the service by between 1.12 and 1.29 percent. Taxing wireless Internet access will significantly reduce demand.
- Sixty percent of all new high-speed lines in the first half of 2006 were wireless. New taxes on Internet access will adversely impact wireless broadband growth.
- State tax policies that impose high state and local taxes on wireless service also work against states’ economic development interests. These policies ignore the troubling effect skyrocketing taxes have on wireless network investment.
- Wireless networks and the applications that run over them are major drivers of productivity growth. Excessive taxes and regulatory policies that increase the costs of investments will likely reduce capital spending on wireless networks, resulting in unrealized economic gains and diminished rollout of broadband service to more Americans.
- Furthermore, making the Internet Tax moratorium permanent and clarifying the scope of its applicability would ensure that regressive state and local taxes do not impose a financial impediment on the ability of low-income families to afford wireless broadband services.
- A permanent Internet Tax moratorium is a win-win-win. Pro-consumer, pro-investment, pro-competitive.

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