



EQUALITY FOR E-COMMERCE

More than \$125 billion retail dollars change hands over the Internet every year, making e-commerce a significant slice of the American economy. The Internet Tax Moratorium prevents state and local governments from holding back growth in e-commerce with taxes that discriminate against Americans who choose to do business online. Set to expire Nov. 1, the law bans taxes on Internet access, transactions already taxed by another jurisdiction, and other levies that treat Internet purchases differently from catalogue sales and other forms of commerce.

Consumers and retailers expect a fair shake in cyberspace. Any such discriminatory taxation would erode that expectation and thereby dampen America's appetite for e-commerce. Yet political pressure is growing for the states to take advantage what some see as an ever-growing revenue stream to fund state governments. On behalf of its 325 member companies and the IT industry at large, the Information Technology Association of America urges the Congress to resist that pressure. Stacking the deck against e-commerce is stacking the deck against growth and prosperity.

CERTAINTY FOR THE MARKET

ITAA applauds Senators Ron Wyden (D-Ore.), John McCain (R-Ariz.) and John Sununu (R-N.H.) as well as Representatives Anna Eshoo (D-Calif.) and Bob Goodlatte (R-Va.) for proposing permanent extensions of the current Internet tax moratorium.

While the growing support behind a proposed four-year extension is heartening, only a permanent ban such as that proposed in S.156 will do. Short-term extensions of the ban have introduced uncertainty into the marketplace, hindered long term investment in Internet access systems, and generally played games with the technology and communications systems that drive innovation and provide a foundation for America's competitiveness.

COMPETITIVENESS FOR AMERICA

Reduced demand for online commerce could also undermine the spread of broadband Internet access. Even as America is working to keep pace with other nations in broadband deployment, consumers would have less reason to pay for high-speed connections. Video on demand; animated product demonstrations; and other products and features involved in e-commerce act as incentives for Americans to subscribe to broadband access services.

We can't depend upon our information economy to maintain America's competitive advantage when a lack of decisive action in Congress creates uncertainty and discourages investments.

We urge the Congress to Permanently Extend the Internet Tax Moratorium Before November 1st

Information Technology Association of America

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