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Congress Should End – Not Extend – the Ban on State and Local Taxation of Internet Access Subscriptions.

The Internet Tax Freedom Act (ITFA), enacted in 1998 and temporarily renewed in 2001, 2004, and 2007, imposed a moratorium on new state and local taxes on monthly Internet access fees while preserving ("grandfathering") existing Internet access taxes. The House Judiciary Committee recently approved a bill to eliminate the grandfather provision and permanently ban all state and local taxation of Internet access subscriptions. This represents the first time that Congress has seriously considered a permanent ban on taxing Internet service for all states, including those now using these taxes to help support public services. Rather than extend ITFA indefinitely, Congress should lift the ban and let states decide whether they and their local governments will impose their sales and telecommunications taxes on Internet access charges.

Center on Budget and Policy Priorities
By Michael Mazerov
July 10, 2014

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