

Congress of the United States
Washington, DC 20515

February 8, 2005

Mr. George Yin
Chief of Staff
Joint Committee on Taxation
1015 Longworth HOB
Washington, D.C. 20515

Dear George:

We were extremely disappointed to read your staff's recent suggestion that Congress consider taxing Internet access and extending the regressive, anti-consumer Federal Excise Tax on telephone service to other communications technologies.

We were also perplexed that JCT would gratuitously suggest tax increases in response to a request from Senators about methods to reduce underreporting and underpayment by taxpayers.

Consumers who now enjoy freedom from regressive taxes on Internet access are not tax cheats. Nor are Internet users benefiting from a "loophole" simply because Congress has wisely rejected the transplantation of regressive, discriminatory, 1930s-era telephone taxes into the digital economy.

The request that JCT received from Senators Grassley and Baucus gave no hint that its authors would be interested in proposals to crush innovation, discourage broadband deployment, or reduce America's Internet-led productivity growth. Since both Senators have voted at least twice in the last ten months against new taxes on Internet access, we're baffled as to how you could interpret a desire to reduce noncompliance with our tax laws as a request for new ways to tax the Internet.

The question demanding an answer now is why any consumers still have to pay a telephone tax created in 1898 to fund the Spanish-American War. Please report back to us on the policy benefits of ending the Federal Excise Tax on telecommunications.

Sincerely,



Walter B. Jones

Jeff Miller

John Mackey

Mark Foley

Chip Pickering

Greg Well

Don Paul

Mike Rogers MI-08

~~W.A.~~ Simmons

Fred Nyte

Reuben F. Bass

Anna Zshoo

Vicki Tull

John Lewis