

June 8, 2015

Labor Unions Oppose HR 235 (PITFA) Ban on State & Local Government Taxes on Internet Access

Dear Representative,

We, the undersigned labor unions, oppose a federal ban on the authority of state and local governments to impose taxes on internet access. We strenuously oppose the “Permanent Internet Tax Freedom Act” (H.R. 235), which would ban these internet access taxes permanently. This type of federal tax preemption is typically unwarranted because it restricts state and local government taxing authority unnecessarily, narrows the tax base, and often leads to harmful unintended consequences. In this case, the internet’s huge economic value, its vast and expanding importance to daily life, and the vague statutory definition of “internet access” makes this particular carve out especially troubling and likely to cause fiscal problems. By restricting state and local taxing authority, this bill reduces the ability of state and local governments to raise funds to invest in needed infrastructure, education, health care, job training, and other vital public services.

While a short-term ban is less troubling than a permanent ban, any ban remains problematic and harmful to state and local government finances. Ideally, the existing temporary ban should be allowed to expire as scheduled on September 30, 2015. As new internet-based technology and related applications increasingly affect our daily lives and rapidly transform our economy, we are extremely wary of a ban that is permanent. Congress should be extremely cautious before supporting a permanent tax exemption for internet access. Moreover, it would set harmful, inappropriate, and costly precedents that could spillover into other sectors of our economy.

Years ago, some opined the internet needed time to grow because it was weak, tiny, or immature. In contrast, today’s internet is an enormously powerful driver of our economy, a central part of our daily lives, and an enormously valuable well developed industry. As the internet continues providing new transformative services to businesses and consumers, its importance to America’s economy grows. Prohibiting these taxes would unfairly exempt this economic sector from contributing to our common well being and communities. In addition, this unneeded and undeserved carve out would unfairly shift its share of taxes to other services, sectors, and stakeholders. There is no reason to exempt internet providers and users from state and local government taxes.

Our labor unions urge you to oppose the “Permanent Internet Tax Freedom Act” (H.R. 235) and any similar ban on state and local government taxes on internet access.

- **American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)**
- **American Federation of State, County and Municipal Employees (AFSCME)**
- **American Federation of Teachers (AFT)**
- **Amalgamated Transit Union (ATU)**
- **Communications Workers of America (CWA)**
- **Department for Professional Employees, AFL-CIO (DPE)**
- **International Association of Fire Fighters (IAFF)**
- **International Federation of Professional and Technical Engineers (IFPTE)**
- **International Union of Police Associations (IUPA)**
- **National Education Association (NEA)**
- **Service Employees International Union (SEIU)**
- **International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (UAW)**