SENATE PASSES TAX BILL THAT INCLUDES FEDERAL EXCISE TAX REPEAL

The U.S. Senate voted today on several amendments to a major tax bill, H.R. 8, legislation that would phase out the inheritance tax (commonly referred to as the ‘death tax.’) One amendment was to repeal the federal excise tax on telecommunications, an amendment identical to legislation introduced by Sen. Bill Roth (R-DE) and Sen. John Breaux (D-LA). The Senate approved the ‘tax on talking’ amendment by a vote of 97 to 3. However, President Clinton has pledged to veto H.R. 8.

Despite the pending veto, CTIA is encouraged by the strong show of support for federal excise tax repeal in the Senate. Coupled with the overwhelming vote in the House (420-2) in May, the Senate vote today sets the stage for further consideration of the issue later in the session. CTIA and its ‘Tax on Talking’ Coalition partners will continue to work toward this goal.

The 3% federal excise tax was imposed in 1898 as a “temporary luxury tax” to fund the Spanish-American War. CTIA has long argued that in a time of peace and budgetary surplus, this tax is no longer justified. The 3% federal excise tax is anti-growth and highly regressive. It also discourages access to the Internet, contradicting the effort to maintain our leading edge of technology that will keep America in the forefront of global economic growth.