

## ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda—underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

## ALEC's Corporate Board --in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at [www.SourceWatch.org](http://www.SourceWatch.org).

**DID YOU KNOW?** Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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### Internet Taxation Resolution

Did you know that the Evergreen Freedom Foundation—which is connected to the Kochs—was the corporate co-chair in 2011?"

#### Summary

America's current unprecedented economic expansion is being driven, in large part, by the explosive growth of Internet companies and electronic commerce. The robust development of electronic commerce has attracted the attention of government officials committed to establishing tax authority over Internet transactions. In 1998 the US Congress, in a move to protect the further development of this emerging technology and marketplace, instituted a three-year moratorium on Internet taxation. As the moratorium draws to a close, state and local officials continue to push for taxation authority on the grounds that federal restriction constitutes a violation of states' rights. But arguments for taxing electronic commerce ignore legal precedents based firmly in the US Constitution. According to rulings by the US Supreme Court, attempts to impose state and local taxes on out-of-state Internet companies may represent a violation of the Commerce Clause.

This resolution calls for state governments to refrain from taxing electronic commerce and allow it to continue to grow in an unfettered environment.

#### Model Resolution

**WHEREAS**, electronic commerce is considered an engine for future economic prosperity; and

**WHEREAS**, electronic commerce provides entrepreneurs and small business the ability to expand their markets and reach out to customers across the globe; and

**WHEREAS**, current tax policy could subject electronic commerce transactions to multiple taxation from multiple jurisdictions; and

**WHEREAS**, The United States Supreme Court has consistently ruled that the Constitution places strict limits on the ability of state and local governments to impose tax burdens on interstate commerce; and

**WHEREAS**, efforts by state and local governments to apply existing tax policy to electronic commerce would violate constitutional limits on their taxing authority; and

**WHEREAS**, absent these constitutional limitations, the ability of entrepreneurs and small businesses to compete in the global marketplace would be severely limited; and

**WHEREAS**, the vast majority of electronic commerce transactions would be exempt under traditional existing sales tax policy, e.g. transactions for services or business-to-business transactions; and

**WHEREAS**, state and local governments are currently experiencing a period of strong revenue growth and record budget surpluses; and

**WHEREAS**, businesses operating in the global electronic marketplace are currently subject to a number of other state and local taxes; and

**WHEREAS**, independent studies have concluded that the current revenue loss to state governments from the non-taxation of the Internet is less than one-half of one percent; and

**WHEREAS**, the average working American family already faces the highest tax burden in our nation's history, paying close to 40 percent of its income in local, state and federal taxes; and

**WHEREAS**, the current federal moratorium on Internet taxation has laid the foundation for the explosive and revolutionary growth of a vital sector of the economy; and

**WHEREAS**, the current federal moratorium on Internet taxation will expire in 2001; and

**WHEREAS**, the US Congress has empanelled the Advisory Commission on Electronic Commerce to study all aspects of electronic commerce and the Internet;

**NOW THEREFORE BE IT RESOLVED**, the American Legislative Exchange Council believes that the current federal moratorium on Internet taxation should be extended to allow a thorough examination of all aspects of electronic commerce; and

**BE IT FURTHER RESOLVED**, that ALEC believes the Advisory Commission on Electronic Commerce should examine the question of "whether" the Internet should be taxed, and not just "how" to tax the Internet; and

**BE IT FURTHER RESOLVED**, that ALEC believes that unless there is a fundamental reform of existing tax policy within the Constitutional limitations placed on state and local governments' taxing authority, the federal moratorium on Internet taxation should be extended indefinitely.

*Adopted by ALEC's Tax and Fiscal Policy Task Force at the Fall Task Force Summit November 13, 1999. Approved by full ALEC Board of Directors December, 1999.*

**About Us and ALEC EXPOSED.** The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish [www.PRWatch.org](http://www.PRWatch.org), [www.SourceWatch.org](http://www.SourceWatch.org), and now [www.ALECexposed.org](http://www.ALECexposed.org). For more information contact: [editor@prwatch.org](mailto:editor@prwatch.org) or 608-260-9713.