

## 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?**

Home → [Model Legislation](#) → Tax and Fiscal Policy

### State Internet Tax Freedom Act

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

#### Summary

The borderless nature of the 21st century economy makes the preemption of certain taxes necessary for a growing economy, sound business environment, and healthy taxpayer. This model bill forbids a state or local tax on Internet access, Online Computer Services, or the use of Internet access or any Online Computer Services.

#### Model Legislation

{Title, enacting clause, etc.}

**Section 1. {Short Title.}** This Act may be cited as the "{Insert State} Internet Tax Freedom Act."

#### Section 2. {Declarations.}

(a) As a massive global network spanning not only state but international borders, the Internet is inherently a matter of interstate and foreign commerce within the jurisdiction of the United States Congress under Section 8 of Article I of the United States Constitution.

(b) Even within the United States, the Internet does not respect state lines and operates independently of state boundaries. Addresses on the Internet are designed to be geographically indifferent. Internet transmissions are insensitive to physical distance and can have multiple geographical addresses.

(c) Taxes imposed on Internet access or Online Computer Services by state and local governments could subject consumers, businesses, and other users engaged in interstate and foreign commerce to multiple, confusing, and burdensome taxation, could restrict the growth and continued technological maturation of the Internet itself, and could call into question the continued viability of this dynamic medium.

(d) Services provided by state and local governments are important and valuable to both consumers and businesses, and this bill is not intended to interfere with existing sources of revenue that provide funding for local government services. This act is intended to impose a moratorium on new taxes imposed on Internet access and Online Computer Services, as well as the discriminatory application of existing or new taxes, as defined herein, to Internet access or Online Computer Services. Nothing in this act shall be interpreted as precluding the imposition or collection of new or existing taxes of general application that are imposed or assessed in a uniform and nondiscriminatory manner without regard to whether the activities or transactions taxed are conducted through the use of the Internet, Internet access, or Online Computer Services.

(e) A permanent, uniform and coherent national policy concerning national and

subnational taxation of the Internet, in a manner that does not unreasonably burden interstate and foreign commerce, should be developed by the Congress of the United States, acting pursuant to the powers granted to it by clause 3 of Section 8 of Article I of the United States Constitution. Until such a permanent national policy is developed, a limited restriction on state taxing authority and preemption of local taxing authority of the Internet and Online Computer Services is appropriate.

(f) It is the intent of this Legislature that no existing or future state taxes or state fees be imposed by the state in a discriminatory manner upon Internet access or Online Computer Services. This statement of legislative intent is meant to place the greatest possible barrier to the creation of discriminatory taxes or fees upon this Legislature and all future Legislatures.

(g) For these reasons, the Legislature finds that, subject to certain exceptions designed to protect existing local government revenue, preemption of local government authority to levy taxes on Online Computer Services and access to the Internet is a matter of statewide concern.

**Section 3. {Definitions.}** The following definitions apply in this Act:

(1) "Internet" means the global information system that is logically linked together by a globally unique address space based on the Internet Protocol (IP), or its subsequent development and extensions; and is able to support communications using the Transmission Control Protocol/Internet Protocol (TCP/IP) suite, or its subsequent development and extension, or other IP-compatible protocols; and provides, uses, or makes accessible, either publicly or privately, high level services layered on the communications and related infrastructure described herein.

(2) "Online Computer Services" means the offering or provision of information, information processing, and products or services to a user via the Internet, whether or not they are offered as part of a package of services that are combined with Internet access and offered to the user for a single price, or provided and billed separately. "Online Computer Services" does not include telephone service or telecommunications services.

(3) "Internet access" means the offering or provision of the storage, computer processing, and transmission of information that enables the user to make use of the resources found via the Internet. "Internet access" does not include telephone service or telecommunications services.

(4) "Discriminatory" means a tax levied on Online Computer Services or Internet access that is either of the following:

(A) At a rate higher than that imposed on other businesses.

(B) Applicable to the taxpayer solely by virtue of the offering of or the use of Online Computer Services or Internet access and therefore not applicable to taxpayers not engaged in the offering of or the use of Online Computer Services or Internet access.

(5) "Bit tax" means any transactional tax imposed on or measured by the amount of digital information transmitted electronically, or any transactional tax imposed on or measured according to any of the technological or operating characteristics of the Internet, but does not include taxes imposed on the provision of telecommunications services.

(6) "Bandwidth tax" means any transactional tax imposed on or measured by the physical capacity of an available signal to transmit information electronically or by fiber optics.

**Section 4. {Prohibition.}**

(a) Except as provided in subdivision (b), neither the state, nor any city, county, or city and county may impose, assess, or attempt to collect any of the following:

(1) A tax on Internet access, Online Computer Services, or the use of Internet access or any Online Computer Services.

(2) A bit tax or bandwidth tax.

(3) Any discriminatory tax on Online Computer Services or Internet access.

(b) The prohibition in subdivision (a) against the imposition of taxes shall not apply to any new or existing tax of general application, including but not limited to any sales and use tax, business license tax, or utility user tax that is imposed or assessed in a uniform and nondiscriminatory manner without regard to whether the activities or transactions taxed are conducted through the use of the Internet, Internet access, or Online Computer Services.

*Adopted by the Tax and Fiscal Policy Task Force at the Spring Task Force Summit, May 1, 2004. Approved by the full ALEC Board of Directors May, 2004.*

Center for Media and Democracy's quick  
summary

This act would prohibit state or local taxes on Internet access, online computer services, of use of the Internet and online services.

**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.