Fact Sheet for: Senate Joint Resolution 11

Short Title: REPEAL TELECOMMUNICATIONS TAX

Summary:
- Urges the United State Congress to amend the tax code to repeal the federal excise tax on communications.

Benefits:
- Could encourage expansion of the telephone infrastructure, Internet and other new technologies.
- Urges repeal of a regressive federal excise tax that no longer serves its intended purpose.

Background:
- The federal excise tax on communications was enacted in 1898 for the purpose of funding the Spanish-American war as a "temporary" luxury tax. Telephone service is no longer a luxury, but a necessity. The federal excise tax is regressive, as low-income Americans pay a higher percentage of their income for telephone services than high-income Americans. The tax now flows into the general fund, rather than being earmarked for a specific purpose. The U.S. Congress passed a repeal of the federal excise tax on telecommunications in 2000, but it was vetoed by President Bill Clinton.