

FOR IMMEDIATE RELEASE: **December 30, 1999**

## Holiday shopping cyberboom proves: Politicians shouldn't tax the Internet

Government should keep its "greedy hands" off Internet, say Libertarians

WASHINGTON, DC — Americans placed 36 million gift orders at online shopping sites this holiday season, which is a compelling argument why the Internet should remain tax-free — not just this Christmas but *forever*, the Libertarian Party said today.

"Politicians shouldn't tax the goose that is laying the golden egg for the American economy," said Steve Dasbach, the party's national director. "E-commerce is creating jobs, growing the next generation of American business success stories, and generating profits for millions of American shareholders.

**"To keep this boom going, politicians should keep their greedy hands — and their destructive taxes — off the Internet."**

E-commerce generated \$3.35 billion in revenue this holiday season, a four-fold increase over last year. And experts say online sales could reach \$100 billion by 2003. In response, the National Governors' Association has demanded that e-commerce be taxed, since state governments are "losing" sales tax money when people shop online.

A federal Advisory Commission on Electronic Commerce is now studying the issue, and will present a recommendation to Congress by April 21, 2000. But for Libertarians, the answer is obvious, said Dasbach: Give the Internet a permanent tax exemption.

"Instead of figuring out how to exploit the Internet for the benefit of politicians, we should consider how to *protect* it for the benefit of all Americans," he said. And even if you didn't shop online this Christmas, there are many good reasons to oppose Internet taxes:

■ **State governments don't need the money.** The 50 states ended 1998 with a collective \$11 billion in surpluses. And state revenues as a percentage of GDP have soared from just 6% in 1960 to 12.8% in 1998 — and are growing twice as fast as inflation.

■ **It could harm the growth of e-commerce.** In an online poll of shoppers, 60% said they would buy less if forced to pay taxes. And a study by Austan Goolsbee of the University of Chicago Business School found that the e-commerce market could shrink by 24% if businesses were forced to collect online taxes.

■ **Americans don't want it.** As of November, 21,000 Americans had written to the Commission opposing online taxes — while only 1,300 supported the idea.

For all those reasons, the Advisory Commission should reject any proposal to tax the Internet, said Dasbach: **"The only good Net tax is no Net tax.** As an investment in America's prosperity, the Internet should be protected as a tax-free zone forever."

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