

INSIGHTS

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Address communication to **Stanley Sapiro, writer** or **Marion Sapiro, editor**
24655 Royale Ridge, Laguna Niguel, CA 92677 Phone: (949) 495-3805 Fax: (949) 495-3809 E-mail: mesapiro@aol.com

"Because the people of this nation have come to a realization that time and distance no longer exist in the older sense, they understand that what harms one segment of humanity harms all the rest. — Franklin D. Roosevelt

GOVERNOR BUSH WANTS TO TAX INTERNET COMMERCE

George W. Bush stated on national television that he supports the taxation of Internet purchases. He says that the present system is unfair to retailers who do have to collect taxes on their sales.

The 19 member Advisory Commission on Electronic commerce formed by Congress to make recommendations on the e-commerce tax issue has been holding hearings all over the country, preparatory to making a report on if, how, and how much electronic purchases should be taxed.

The Internet Tax Freedom Act, passed last October, prohibits Internet sales and use taxes for three years. The chairman for the National Conference of State Legislatures has stated: "We just think that if there's a sales tax on an item in the retail world, there should be one on the Internet too."

A coalition of nearly 20 Internet industry groups, involved in this inquiry, are reported to concede that some taxes on e-commerce sales are inevitable, but state that they will resist any discriminatory taxes, according to Peter Arnold, Director of the "Hands off the Internet" Committee.

Unfortunately, nobody seems particularly interested in the viciously regressive and unfair nature of the whole idea of a sales tax. The American Revolution was fought by reason of consumer taxes that were just a fraction of the consumer taxes now paid by Americans, and if the complaining retailers had any regard for their customers or resentment re their own misuse as tax collectors, or concern for their own loss of sales, they would fight to eliminate sales and user taxes regardless of the medium through which sales are made.

Arnold contends that officials in Texas and other states are saying that a "server" is a presence opening the door for taxes. Presently the law is that a distributor has to have

a physical presence in the state in order to be taxed. E-commerce companies use server computers to send data through their networks and larger networks could have "servers" in almost all states.

E-commerce boosters fear that Congress could extend the concept from a physical presence to an economic presence and rule that server computers or network connections are economic presences. This would give states and cities more leeway in taxing E-commerce.

McCain has repeatedly stated his opposition to taxes on e-commerce, despite the public's lack of knowledge of the impact such taxes could have on them and, consequently their lack of support of this position. Special interests have brainwashed a large number of Americans into believing that sales taxes are fair and just and would take the burden off the backs of homeowners. But, stated in plain English, sales taxes fall inequitably on low income groups who have little or no political savvy, and ease the tax burden on high income special interest groups, including foreign corporations who own so much very valuable land in American downtowns.

We hope that each *Insights* reader will phone ten other e-mail users and advise them to vote for McCain and against Bush on this issue alone. Our journalists have somehow failed to ask Gore and Bradley what their positions are on this vital issue.

Bush advisor Martin Anderson, a former economic advisor in previous Republican administrations, issued a strong statement in favor of Bush, claiming that he obtained all sorts of good advice from policy experts in early 1998 through 1999.

He describes how Bush invited policy experts to meet with him in Texas.

They flew down the night before and went to the Governor's mansion early the next morning. They conferred with Bush through lunch and finished in the late afternoon.

Insights is curious as to how Bush was able to govern the huge state of Texas, with all its innumerable problems, when he spent so much time discussing what he should do as President of the USA with these so called experts, if and when elected at some future time. Citizens of Texas were evidently deceived in thinking that Bush was spending time on Texas problems, not the problems he would encounter as President of the USA. *Insights* suggests that Bush pay back to the State of Texas the amount of his salary for the time spent talking with these experts relative to what he should do if and when elected President a year or two later.

Possibly on advice from the same experts, Governor Bush "reformed taxes" in Texas by reducing property taxes and increasing sales taxes. If Bush is elected, we are likely to have more of the same on a national basis, since a major advisor to Bush on taxes was Michael Boskin, former advisor to Nixon, who has always been a strong supporter of a national sales tax.

As far as these experts are concerned, they remind us of the common saying among lawyers that there are three kinds of liars--liars, damned liars, and expert witnesses.

You can get expert testimony going either way, or going both ways, if you wish, as long as you are willing to pay for it. That is why we have so many Presidential advisors who support the imposition of national sales or value added taxes when they know that such impositions are regressive, unfair, and destructive of both production and consumption, when ~~they receive grants from special interests.~~