



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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## Grassley's Committee Votes to Repeal Telephone Tax

WASHINGTON – The telephone excise tax is one step closer to being repealed after a successful Finance Committee vote raised by Sen. Chuck Grassley.

“We’re on the way to ending a quote-unquote temporary tax,” Grassley said. “The temporary part means nothing, because this tax has been around since 1898. It was used to pay for the Spanish-American War by taxing the rich because in 1898, only the wealthy had telephones. Now everybody has a phone and pays this tax. It’s time to get rid of the tax.”

Last month, the U.S. Treasury Department moved toward refunding three years of the taxes on long-distance calls. Grassley, chairman of the Finance Committee, with jurisdiction over taxes, then scheduled committee action to scrap the entire tax, including on local calls. Today the committee by voice vote unanimously approved his proposal. The next step is full Senate consideration.

The repeal would save phone customers \$7 billion over 10 years, according to the nonpartisan congressional Joint Committee on Taxation.

“The savings will apply to anyone with a land line telephone,” Grassley said. “Because seniors tend to use land-line telephones more than other people, as a group they’ll see financial help by eliminating this tax that’s no longer justified.”

Grassley said modernizing the tax code by repealing outmoded provisions is an important part of tax reform, one of his priorities for the coming months, especially in light of the pending confirmation of a new Treasury secretary who could be reform-minded.