



Written by [Bruce Walker](#) on August 28, 2012

FCC Ponders Taxing Internet Providers

The FCC is considering imposing a tax on Internet providers, according to a [story reported in *The Hill*](#). The Internet has become a means for Americans to share information in a wide variety of formats to people anywhere else in the world. More and more, people seek information and ideas via the Internet, shop for goods and services and purchase those online, create videos and music that others can obtain on the Internet, and even post whole books for reading on the Internet.



Statists who believe that all human activity ought to fall within the purview of government have looked jealously at the Internet. State and local governments have sought to tax transactions taking place over the Internet because the proliferation of Internet sales has reduced the sales tax revenue of these governments.

Federal pressure to reinstitute the Fairness Doctrine, although intended to affect only commercial broadcast media, could certainly be the thin edge of the wedge if statists later wanted to regulate all Internet sites to make sure that government evaluated “fairness” and “equal time” prevailed.

Federation taxation may be the most likely avenue for controlling the Internet. Two years ago in May 2010, the FCC discussed reclassifying the Internet as a telephone service. This regulatory, rather than congressional, proposal threatened to make Internet freedom subject to the whims of federal regulators.

In the federal court case *Comcast v. FCC*, the Federal Court of Appeals for the District of Columbia struck down the plan. These plans have never completely died and Robert McChesny told [SocialistProject.ca](#) a few years ago:

What we want to have in the U.S. and every other society is an internet that is not private property but a public utility. As the moment, the battle over network neutrality is not to completely eliminate the telephone and cable companies. We are not at the point yet. But the ultimate goal is to get rid of the media capitalists in the phone and cable companies and to divest them from control.

The Federal Communications Commission is considering a plan to tax broadband Internet service. The money from this tax would be used to fund the Connect America Fund, which is a part of the FCC tasked with expanding Internet access. Americans who used landline and cell phones today pay a tax to support the FCC’s Universal Service Fund, another organization within the FCC tasked with making sure that all Americans have phone access, especially in remote areas.

Requests for comments were made in April and a number of companies and associations have responded, although the issue has not gotten a great deal of attention.

Derek Turner, Director of Research for Free Press, said, “If members of Congress understood that the FCC is contemplating a broadband tax, they’d sit up and take notice.” But some big companies such as AT&T, Sprint, and Google have actually supported the idea.



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Julius Genachowski, the FCC's chairman and confidante of President Obama, has stated: "Today we propose three goals for contribution reform: efficiency, fairness, and sustainability, and we underscore that any reforms to the contribution system must safeguard core Commission objectives, including the promotion of broadband innovation, investment, and adoption."

When a federal bureaucrat speaks of introducing "fairness" into any system of communication which has previously been left open to the free market, those who care about liberty ought to take notice.

The ability of Americans to get online is cheap and easy. People have a number of companies to select, just as there are many suppliers of used and new hardware and software.

Another issue which ought to trouble Americans is when an independent federal regulatory agency begins by vote of the commission members to impose taxes on Americans. The power to lay and to levy taxes is pretty clearly the province of Congress using its Article I powers. What limits are there to the powers of this agency, which is directly accountable to neither Congress nor the president?

Perhaps the most disturbing part of this proposal, though, is how the huge multi-billion-dollar corporations support the federal government introducing more regulation into the industry in which they operate. Too often giant companies work with the government to make it harder for new and small firms to enter into competition in a particular industry. Constitutionalists know that free markets are the best protection against high costs, genuine unfairness, and big companies.

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