

# Daily Southtown

## Remember the Maine, but forget the tax!

By David Kolata  
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Ben Franklin once said death and taxes are the only two things in the world that are certain. Maybe his ghost is smiling at a recent development that means some pocket money for a lot of consumers.

The federal government has ended the 108-year-old Federal Excise Tax (a.k.a. the Spanish-American War tax) on long-distance bills. Even better, customers who paid the infamous 3 percent fee between Feb. 28, 2003, and Aug. 2, 2006, are eligible to file for a small tax refund (or credit) of those payments on their 2006 income tax forms.

The tax, a symbol of confusing and bloated phone bills, was created to fund the Spanish-American War way back in 1898, around the time America produced its very first automobile and phones were bulky toys for the rich.

The “splendid little war,” as one diplomat flip-pantly called it, lasted just 110 days but the tax lasted another 35,000, eating up some \$300 billion over the years, according to the Congressional Research Service. Federal officials repealed it in 1902, reinstated it in 1914, and finally scrapped it for good (we hope!) this past August to end a lengthy legal battle with businesses on whether long-distance service fit the definition of “taxable income.” (Unfortunately, the tax is alive and well on local phone bills, but there are congressional efforts to repeal that, too.)

Your income tax return will contain a line where you can file for the refund. If you’ve kept all your long-distance phone bills for that three-year period,

you can ask for a refund of the full amount of the tax you paid. If you don’t save your bills, or don’t want the hassle, request a standard refund of \$30 to \$60 depending on how many tax exemptions you have. Businesses and nonprofits also can file for a refund, but not the standard amount.

This refund is a great way to launch a plan for cutting your phone costs. Start studying your bill—and make the “Consumer’s Choice.” AT&T plans a round of rate hikes in March, but you can escape them by signing up for one of the company’s three “Consumer’s Choice” local calling plans. They were designed by the Citizens Utility Board (CUB), in an agreement with AT&T, to save most customers money, and the plans’ rates are frozen for four years. Next, do you have “Line-Backer,” the \$8 a month AT&T insurance plan for inside-wire problems? If so, consider dropping it. Those repairs only are needed every 20-30 years, on average. Also, use free directory assistance, like 1-800-FREE411 or 1-800-411-SAVE, to avoid AT&T’s \$1.99 fee when you call information.

Call CUB, at 1-866-688-4282, to get more details on how to cut your phone bills. You also can go to [www.CitizensUtilityBoard.org](http://www.CitizensUtilityBoard.org) to read a fact sheet on the Spanish-American War tax refund—or check out the Internal Revenue Service’s Web site, [www.irs.gov](http://www.irs.gov).

Believe me, if CUB were rulers of the telecom universe the tax refund would have been a lot bigger and would have come a lot sooner. But I’ll take the money regardless. I might even put it toward my ballooning electric bill (we’re still fighting that battle, too!).

One thing’s for sure, the refund will more than cover the bottle of beer I just might buy to toast the long-overdue end to a goofy phone charge.

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