day with even more analysis than we already have, and we will be in a position to do so.

Mr. President, as I conclude, I ask unanimous consent to have printed in the RECORD an editorial from the New York Times of October 2, 1998, entitled ''Fair Taxation in Cyberspace.''

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times Oct. 2, 1998]

FAIR TAXATION IN CYBERSPACE

The rapid growth in sales of goods over the Internet raises hard questions about how states might fairly tax those transactions. The same problem has existed for years in mail-order sales. Consumers are technically liable for sales taxes on all purchases, including out-of-state catalogue purchases, but mail-order companies are required to collect sales taxes only in states where they maintain a physical presence. This loophole costs state and local governments about $3.5 billion a year.

The National Governors' Association and local government groups are rightly worried they will lose billions more a year from Internet sales that would otherwise be taxable in a traditional store. That loss—estimated to reach $10 billion a year in the next decade—will have a disproportionate impact on states that depend heavily on sales taxes, providing a tax break mostly for the affluent who have access to the Internet.

On-line service providers and electronic commerce lobbying groups, of course, want to make cyberspace tax-free, arguing that taxation would choke off Internet growth. Tax policy should not discriminate against electronic sales. But neither should the Internet be protected from taxes that apply in other realms of commerce.

Congress should keep the principle of parity in mind as it works through the proposed Internet Tax Freedom Act. The bill is intended to give state and Federal officials some breathing room to tackle these issues in a coordinated fashion. The House version, approved in June, would establish a three-year moratorium on any new Internet sales taxes and taxes on access to on-line services. It would also create a national advisory commission to examine ways to improve tax collection on all remote sales, including possible changes in Federal law to close the out-of-state-sales loophole.

The Senate, which debates the bill today, should resist extending the moratorium to five years, as some senators want. A long moratorium is unnecessary and would be hard to undo as consumers and businesses become accustomed to a tax-free cyberspace. In the meantime, the dozen states that have enacted Internet access taxes should be allowed to keep those taxes in place. Congress has no good reason to truncate state taxing authority, particularly since Internet commerce is thriving.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. FORD. Mr. President, I yield myself 1 minute from the time remaining of the Senator from Arkansas, Mr. BUMPERS.

Mr. President, we have talked about catalog sales and the loss of funds. Yesterday, on the DOD authorization bill, we usurped States in their ability to tax, and now we are turning that around. Yesterday, we told the States that we are going to usurp a tax if we don't think it is fair locally or statewide. The residents of Tennessee who work in Kentucky at a Federal installation, who have been paying taxes—and the States have worked it out—were excluded yesterday. And then my residents in Kentucky are paying the Tennessee sales tax, and they were not exempt because Tennessee goes on a high sales tax and no income tax. So, yesterday we said to State and local governments that you can't tax.

There are 240 installations around the country. I think you will rue the day that you usurped the Buck Act and you said to the States that we are Big Brother and we will tell you how to tax. Now we have a catalog question before us that says we ought to get the tax. So we have to be very careful what we are doing. Yesterday was a bad day, not necessarily for Kentucky, but for others. Oregon had the same problem with Washington. They passed a law and worked it out and everything is fine. That is what we ought to do between States. This was not a Federal tax.

I yield the floor.

Mr. CHAFEE. Mr. President, like my friend from Arkansas, I am concerned about the effect that mail order sales companies have on local retailers. I have no axe to grind with these businesses, and in fact applaud their ability to provide a very important service to many Americans. The convenience of this type of purchasing is good for the consumer.

What does concern me is the possibility that mail order and other direct sales companies' popularity is on the rise simply because they are not required to collect state sales taxes. I do not know if that is the true reason for their growth, but I would be concerned if they are taking advantage of what may be, in effect, an uneven playing field. Remember, local merchants, who compete with direct sales companies for business, have no opportunity to avoid collecting sales tax on their transactions.

Mr. President, the amendment offered by the Senator from Arkansas raises a very important issue, and I am glad that the Senate has had the opportunity to debate it this morning. But this is a complicated issue, and cannot be fully considered over a few hours of debate on the floor of the Senate.

I have several questions about the proposal offered by the Senator from Arkansas. For example, is it reasonable to set the exemption level at $3 million of annual sales? Is the per state exemption level of $100,000 in annual sales an appropriate level? On whom should this obligation be imposed?

Mr. President, these are just some of the questions that the Advisory Commission should be given the opportunity to explore. It may be that when this issue is fully reviewed, the Congress will decide that the approach proposed by the Senator from Arkansas is the correct one. But I don't think we can make that judgment today, and that is why I am voting to table this amendment.

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, I yield 5 minutes of Senator SNOWE's time to the Senator from Pennsylvania, Senator SPECTER.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

INTERNATIONAL RELIGIOUS FREEDOM ACT

Mr. SPECTER. I thank my colleague.

Mr. President, I have sought recognition to speak briefly in support of the International Religious Freedom Act, which was introduced today.

Mr. President, this follows some 2 years of effort. This legislation, first introduced by Congressman FRANK WOLF in the House and then introduced by myself in the U.S. Senate, seeks to put the imprimatur of the United States of America squarely in opposition to the religious persecution that is going on around the world. Again, the efforts have continued for 2 years.

Recently, because of certain objections to the tough sanctions imposed in the bill introduced by Congressman WOLF and myself, compromise legislation has been crafted with the leadership of Senator NICKLES, Senator LIEBERMAN, Senator COATS, with my participation, which strikes out at religious persecution around the world. Freedom of religion is a basic American value; perhaps along with freedom of speech, the basic American value; perhaps even more important than any other value expressed in our Bill of Rights, because freedom of religion is the first item mentioned in the Bill of Rights.

We have seen around the world egregious religious persecution with clerics being mistreated in China; with individuals being sold into slavery in Sudan. My own observations and investigation in Saudi Arabia, illustratively where Christians cannot have a Christmas tree in their window if it can be viewed by the outside; where Jewish men and women in the fighting forces in Tent City—where we have some 5,000 American personnel protecting the Saudis in the midst of a desolate desert—those Jewish military personnel are afraid to wear their dog tags, their identification being just too risky. In the Egyptian press Congressman WOLF and I have been vilified and chastised for our efforts to fight against religious persecution around the world.

You can judge people by their enemies as well as by their friends. It is a tribute of a sort—also a tribute of a source—to be so chastised for speaking out against religious persecution.

The bill, which was introduced today, Senate bill 1868, candidly, does not go as far as this Senator would have liked. My own view is that religious persecution ought to be met by very forceful sanctions. But the message was clear and unequivocal that the President's

administration would not sign legislation with tough sanctions.

It is regrettable that the almighty dollar continues to rule American foreign policy, and has limited the strike and has limited the resistance to religious persecution that we have articulated around the world. It would have been better for human rights to have tougher sanctions; it would have been a better statement of American values on human rights and freedom of religion and better to stamp out religious persecution to have been quite a lot tougher.

But the reality is that we are about to the end of the 105th Congress, a week from today. Congressman WOLF and I have pressed this stronger, tougher legislation for a lengthy period of time, and if no action is taken by the end of the congressional session, then I think that is a signal for open season for those who practice religious persecution to keep it up.

What has been crafted here is a compromise. We haven't compromised the principle, but we have adhered to the principle of compromise in crafting the legislation. It takes a very significant first step with the declaration by the U.S. Government that religious persecution is not to be tolerated. We will monitor the results, and, if necessary, we will be back with further legislation. I think this is a significant step forward.

I compliment Congressman WOLF for his diligence over a long period of time. I compliment Senator NICKLES and Senator LIEBERMAN for their craftsmanship of working out this compromise bill, along with our distinguished colleague, Senator COATS, who commented at a press briefing a few moments ago that as a final act on a very, very distinguished career in both the House and the Senate, this bill is something to be recommended.

I urge my colleagues to take a look at the bill, to join as cosponsors, but to certainly pass it before we end the 105th Congress so that it becomes the law of the land and it will strike a real blow for religious freedom around the world.

I thank the Chair, and I yield the floor.

INTERNET TAX FREEDOM ACT

The Senate continued with the consideration of the bill.

Mr. WYDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Thank you, Mr. President.

AMENDMENT NO. 3677

Mr. President, Senator MCCAIN and I have 5 minutes to briefly respond to Senator BUMPERS' proposal. I will use a couple of those minutes of time.

First, let me say that Senator BUMPERS is such an extraordinary person and such a wonderful orator that anyone who comes to the floor to speak after him is sort of in the position of being Tugboat Annie after the *Queen Mary* has sailed off.

I would like to try to briefly respond to Senator BUMPERS' proposal, and to urge my colleagues to strongly oppose it. First, let us be clear about what this legislation says with respect to those mayors and Governors about whom Senator BUMPERS is concerned.

This legislation says that if you are liable for a tax today, you are going to be liable if electronic commerce goes forward. You are going to be liable for a tax on an Internet sale just as if it was a traditional sale taking place today.

What the debate is all about is that some States believe that because they cannot collect on mail order today, they want to go out and collect taxes with respect to the Internet because they see the Internet as the cash cow.

Senator MCCAIN and I and others don't feel that the problem in our country is that mail-order sales aren't taxed enough. We think that what we ought to do as we look to the next century and the new economy—the digital economy—is to make sure that we have technological neutrality. This vote that we will be having in just a few moments on the Bumpers amendment is essentially the first substantive recorded vote that we will have had with respect to the Internet.

I urge my colleagues to oppose this. I will oppose it strongly, because I don't think the problem in our country is that mail-order sales aren't taxed enough. I think what we ought to do is go forward with this legislation as it stands now to ensure technological neutrality. I and others would be happy to work with Senator DORGAN and others to address this mail-order problem. But at the end of the day, let's not make the mistake with the Internet that was made with mail order years ago and create the same kind of fight and brawl.

Mr. President, I yield the floor.

Mr. MCCAIN. Mr. President, I will be very brief.

The proponents of this amendment say it is not a new tax but proper enforcement of an existing sales tax. This is not the case. With a few exceptions, States do not receive sales taxes from out-of-State mail-order businesses, nor can they expect one under current law since this is a tax that has never been collected in the past.

There is only one way to vote in favor of this amendment. Let's be clear. This amendment represents a very large tax increase on the public.

Mr. President, this amendment permits states to require out-of-state mail order businesses to collect their sales taxes on purchases made by their residents. The Senate Finance Committee, while reviewing the Internet Tax Freedom Act, determined by a bipartisan vote of 13–6 that the Internet Tax Freedom Act is not an appropriate vehicle for the Senate to act on this measure. I agree with the Finance Committee's assessment, and I know that were my colleague and chairman of the Finance Committee, Senator ROTH, present, he would object to the consideration of this measure by the Senate without a full review of this issue in committee hearings.

Make no mistake, this is not simply the collection of a standardized interstate sales tax, as troubling as that would be. There exist thousands of taxing jurisdictions at the state, county, and local level in the U.S. Combined with the different nuances of each of these jurisdictions, mail order businesses will face an administrative nightmare fulfilling their obligations under this amendment. In fact, it is the large number and complexity of different tax codes which now require the Senate to consider a moratorium on taxation of electronic commerce. Certainly we cannot now say that mail-order businesses can or should have to attempt to deal with the same difficulties electronic commerce faces when it comes to sales taxes.

Mr. President, in addition to representing an administrative burden to industry, this amendment would also place unacceptable burdens on consumers. Mail-order businesses contribute greatly to the quality of life for many Americans. The disabled, the elderly and others rely on mail-order businesses for a variety of products. Should out-of-state mail-order firms be required to collect sales taxes, it is entirely possible that consumers will find themselves having to calculate the proper sales tax to be remitted to the mail-order company. Given the complexity of taxes, it is more than likely that no small number of consumers will find the delivery of their purchases delayed due to insufficient sales tax payments. Not only will this amendment decrease mail order business' ability to cater to these Americans, but it will reduce the convenience of the mail order industry which is at the heart of its success.

Proponents of this amendment have cited fairness for small businesses as support for passing this amendment. The underlying philosophy is that small businesses cannot compete with tax-free products offered by out-of-state mail-order businesses. Mr. President, small businesses have more to fear from retailers in their own communities, such as K-Mart, Target, and Wal-Mart, than from mail-order businesses, yet small business continues to thrive. Most Americans are not spending their time shopping around for good deals on sales taxes, but they will go to a store two blocks away as opposed to a store a block away if they can get a better price on a product.

Mr. President, this amendment is not necessary for states to collect sales taxes on out-of-state mail order purchases as some suggest. Many states have adopted use taxes to make up for supposed losses in sales tax revenue on goods purchased out-of-state, which require residents to send in sales taxes on these purchases on their own. Proponents of this amendment say that