

more than what the Congressional Budget Office said it was going to cost because we like to spend money. We want to spend more on Medicare prescription drugs.

The House Democratic proposal, for instance, last year would have cost \$1 trillion compared to the \$395 billion the President signed. The Senate Democratic proposal in 2002 cost \$200 billion more than the bill that was enacted into law.

Further, there were more than 50 amendments offered on the floor of the Senate during the debate on the Senate bill that would have increased the cost of the bill by tens of billions of dollars.

The bottom line is, there should be no doubt in anyone's mind we had as true a cost estimate—or if they want to put it in their words, the true cost estimate—for the prescription drug bill last year. Everyone had access to it before the vote.

But let me explain to the people of this country that whether it is the Congressional Budget Office or the Center for Medicare Services, when they look ahead 10 years, and the farther out you go, it is a fairly imprecise way of deciding what a bill we passed last year is actually going to cost. The true cost is going to be known on that 10th year.

But these professional people with green eyeshades, without any political predilection, study what we put on paper and they say: Senator GRASSLEY, as chairman of the Finance Committee, if you do this, it is going to cost X number of dollars. So if it does not all fit into \$400 billion, you kind of tailor it to fit, because if you do not, you are going to be subject to a point of order and you will have to have 60 votes to override it.

I hope I have once again cleared up any misunderstandings about these issues. We should move on and not lose sight of what really matters: helping our Nation's seniors get the drugs they need at lower prices through the Medicare discount card, and \$600 of additional assistance, which beneficiaries can begin enrolling in next week, and through the voluntary Part D drug benefit in 2006, which is what really matters.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. TALENT). Morning business is closed.

INTERNET TAX NONDISCRIMINATION ACT—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the motion to proceed to S. 150, which the clerk will report.

The assistant legislative clerk read as follows:

A motion to proceed to the bill (S. 150) to make permanent the moratorium on taxes

on Internet access and multiple and discriminatory taxes on electronic commerce imposed by the Internet Tax Freedom Act.

The PRESIDING OFFICER. Under the previous order, the Senator from Tennessee controls 2 hours of time.

Who seeks recognition?

The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, yesterday we began our discussion of legislation which, if it should pass, would be a Federal law giving a tax break or a subsidy to the high-speed Internet industry, and the Federal law would then send the bill for that to State and local governments. There is a bipartisan group of us who object to that, who believe if Congress wants to give a subsidy to the fastest growing technology, high-speed Internet access, then Congress ought to pay for it and not send the bill to State and local governments.

I, for one, also question whether there is any need to spend additional taxpayer dollars on this sort of subsidy since, as far as I can tell, high-speed Internet access must already be the most heavily subsidized technology in the country. But, nevertheless, we have reached a point in the discussion where we are trying to create a compromise result.

To go back through a little bit of history, the House of Representatives sent a bill to the Senate toward the end of last year, and that bill, while it was named "Internet tax moratorium," did much more than that. It purported to make permanent the temporary time-out from taxes the Federal Government set in 1998, and then renewed in 2000, on State and local taxation of Internet access, but the bill did much more than that.

As I pointed out at length last night, the House bill exempted this industry from a great many State and local taxes—telephone taxes States currently collect, business taxes States currently collect, more business taxes, and then sales taxes. So for all of these, we had the Federal Government saying to the State governments: You cannot do this; You cannot collect these taxes.

We have a phrase for this. We call it unfunded Federal mandates. It means: Do no harm to State and local governments.

The Republican majority was elected in 1995, promising to end the practice of we Congressmen and Senators coming up with some big idea, taking credit for it, and then sending the bill to State and local governments. So we went to work to try to change the bill. Senator CARPER of Delaware and I and nine other Senators of both parties offered a compromise. We said: Since the Federal Communications Commission, and since Senator MCCAIN and the Commerce Committee, and Senator STEVENS, our President pro tempore, and others, have said we need to take a comprehensive look at this phenomenon of digital migration of services to the Internet that is being

caused by this new high-speed Internet access, since we want to do that, let's take a comprehensive look at it, so let's just extend the old moratorium for a couple more years.

In the meantime, let's try to create a level playing field so all high-speed Internet access providers are treated the same and do no harm to State and local governments. That is the Alexander-Carper proposal.

The majority leader and Senator MCCAIN and others asked me and Senator CARPER to work with Senator ALLEN and Senator WYDEN and others to see if we could narrow our differences. We did, but we still had differences.

As I pointed out yesterday, Senator ALLEN's bill, S. 150, which is the bill we are now considering, is permanent, not temporary. It still puts at risk \$3 to \$10 billion that State and local governments collect. It also causes the sales taxes that were being collected to expire.

Let's recall that what we are talking about is not lowering anybody's taxes. If you lower one tax, another tax is going to go up, or the government is going to be cut. Lower taxes for the service industry means higher taxes for somebody else. That is a fact.

Then Senator MCCAIN came to the floor yesterday and offered a new proposal. I want to comment for the next 3 or 4 minutes on that. I have written Senator MCCAIN a letter outlining my reaction to it, which I hope is being delivered now, but since we only received his proposal yesterday afternoon at about 2:15, I want to let the full Senate and others know my reaction to his proposal.

First, I appreciate his proposal and his efforts to create a compromise. We all want a result. That is why we are moving ahead at 2:15 to consider his proposal. Unfortunately, Senator MCCAIN's new proposal still harms States and still creates a huge loophole for the high-speed Internet industry.

Let me be specific. No. 1, the definition that the McCain proposal uses is the same definition the Allen-Wyden proposal uses. That definition eliminates \$500 million annually of telephone taxes, business taxes that State and local governments collect today. That is an unfunded mandate.

No. 2, the bill does not protect States and their ability to make a decision about whether to continue collecting taxes on telephone services. This is very important to State and local governments. Last year, according to the National Governors Association, State and local governments collected \$18 billion in taxes on telephone services. In the State of Tennessee, it was \$361 million. In California and Florida and Texas, it is more than \$1 billion. It is 5 percent of our State budget. Almost every State is affected by this. While Senator MCCAIN's legislation in one section appears to try to protect telephone calls made over the Internet so that States may choose to continue to