

Watkins	Weller	Wu
Watts (OK)	Whitfield	Young (AK)
Weiner	Wicker	Young (FL)
Weldon (FL)	Wilson	
Weldon (PA)	Wolf	

NAYS—129

Abercrombie	Frost	Napolitano
Ackerman	Gonzalez	Neal
Andrews	Gordon	Obey
Baird	Gutierrez	Olver
Baldwin	Hall (OH)	Ortiz
Bentsen	Hastings (FL)	Owens
Berkley	Hill (IN)	Pascrell
Berry	Hilliard	Pastor
Blumenauer	Holden	Payne
Bonior	Istook	Peterson (MN)
Borski	Jackson (IL)	Phelps
Boswell	Jackson-Lee	Pomeroy
Boucher	(TX)	Rahall
Boyd	Johnson, E. B.	Rangel
Brady (PA)	Jones (OH)	Reyes
Brown (FL)	Kennedy	Rodriguez
Brown (OH)	Kleczka	Rothman
Capuano	Klink	Roybal-Allard
Cardin	Kucinich	Sabo
Carson	LaFalce	Sanchez
Clay	Lampson	Sanders
Clayton	Lantos	Sawyer
Clement	Larson	Schakowsky
Clyburn	Lee	Scott
Condit	Levin	Serrano
Conyers	Lipinski	Slaughter
Costello	Lowe	Stark
Coyne	Luther	Stenholm
Cramer	Maloney (CT)	Stupak
Crowley	Maloney (NY)	Thompson (CA)
Cummings	Markey	Thompson (MS)
Danner	Matsui	Thune
Davis (FL)	McCarthy (MO)	Thurman
Davis (IL)	McDermott	Tierney
DeLauro	McGovern	Towns
Dicks	McNulty	Udall (NM)
Doggett	Meeks (NY)	Velázquez
Dooley	Millender-	Vento
Evans	McDonald	Visclosky
Farr	Miller, George	Waters
Filner	Minge	Watt (NC)
Ford	Moore	Wexler
Frank (MA)	Moran (KS)	Weygand
	Murtha	

NOT VOTING—34

Allen	Fossella	Moran (VA)
Baca	Gephardt	Myrick
Baldacci	Green (TX)	Oberstar
Barcia	Hinchey	Pallone
Campbell	Houghton	Rush
Capps	Kanjorski	Turner
Collins	Kilpatrick	Waxman
Cubin	Lewis (GA)	Wise
Deutsch	Lucas (OK)	Woolsey
Dingell	Mascara	Wynn
Engel	Meek (FL)	
Fattah	Moakley	

□ 1114

Ms. MCCARTHY of Missouri, Ms. SANCHEZ, Ms. BERKLEY, Ms. CARSON, Ms. MILLENDER-McDONALD, and Messrs. CRAMER, MORAN of Kansas, and CROWLEY changed their vote from "yea" to "nay."

Mr. HINOJOSA and Mr. HOEKSTRA changed their vote from "nay" to "yea."

So the question of consideration was decided in the affirmative.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. SUNUNU). The House will consider the bill in the Committee of the Whole.

Stated for:

Mr. PALLONE. Mr. Speaker, on rollcall No. 154, I was not present, due to a meeting called by the President at the White House. Had I been present, I would have voted "yea."

Mrs. CAPPs. Mr. Speaker, I was unavoidably detained earlier today and missed rollcall vote No. 154. Had I been here I would have voted "yea."

Stated against.

Mr. BACA. Mr. Speaker, I was unavoidably detained for rollcall vote No. 154. Had I been here, I would have voted no.

□ 1115

GENERAL LEAVE

Mr. GEKAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H.R. 3709.

The SPEAKER pro tempore (Mr. SUNUNU). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

INTERNET NONDISCRIMINATION ACT OF 2000

The SPEAKER pro tempore (Mr. LAHOOD). Pursuant to House Resolution 496 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3709.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3709) to make permanent the moratorium enacted by the Internet Tax Freedom Act as it applies to new, multiple, and discriminatory taxes on the Internet, with Mr. SUNUNU in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Illinois (Mr. HYDE) and the gentleman from Michigan (Mr. CONYERS) each will control 30 minutes.

The Chair recognizes the gentleman from Illinois (Mr. HYDE).

Mr. GEKAS. Mr. Chairman, I ask unanimous consent that I may claim the time designated to the gentleman from Illinois (Mr. HYDE) as the proponent of the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GEKAS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in the 105th Congress, we passed a piece of legislation that led to this day. The purport of that Internet Tax Freedom legislation of that Congress denoted that a study would have to be performed in order to determine the future of our new world of Internet.

One of the strongest recommendations made by the commission, the report to Congress being embodied in this beautiful blue book which I now place before the Chair, one of the strongest commendations there and recommendations was for the extension of the moratorium that the first bill, the one to which I just alluded, included and which does not expire now until October 1, 2001.

The extension of the moratorium then is the core of the bill that is before us. It calls for a 5-year extension of the current moratorium. Why? Because that is what the commission recommended. Why did they recommend it? Because they were split on what different facets of the Internet world are going to carry with respect to access charges and all the other complexities having to do with Internet interstate commerce.

So the best of all worlds is to give the Congress and industry and business and telecommunications, to give them all time to sort this out.

Mr. Chairman, one thing that should be said to clear up things in anticipation of the debate that is to follow, this does not impact sales taxes as they now exist across the Nation. What we are talking about is a moratorium on Internet access charges, more than any other single facet of what is happening in the Internet world.

What might happen to sales taxes and other problems that are fomented at the outer edges of the Internet world will be topics of hearings that we will be conducting in the Committee on the Judiciary in the weeks to follow, even in this session.

So we are going to cover all the complexities that exist in this whole new world of exchange. But in the meantime, we are pressing for the main stem of this bill, which is a moratorium to extend 5 years beyond the current one.

Mr. Chairman, I reserve the balance of my time.

Mr. CONYERS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this measure, the Internet Nondiscrimination Act, is not really what it seems, because it merely addresses the most trivial of the Internet tax issues, the extension of the tax moratorium, and kicks the can down the road, so to speak, on the real issues, State simplification and the defining of what activity creates the necessary nexus for sales tax under the Supreme Court decision in Quill rendered in 1992.

By extending the current moratorium for 6 years, more than two presidential elections from today, there is far less of an incentive for the States and Congress to deal with these far more important simplification issues. Indeed, there is a real risk that by 2006, many interests will become so dependent on the current system that it will

become impossible to ever revisit the issue of State tax simplification.

There can be no doubt that the present State system, which this legislation totally ignores, is a serious problem. First, the complexity of the system is daunting. There are over 6,500 taxing jurisdictions in this country. The jurisdictions generally require separate collection, have developed overlapping definitions of goods and services subject to tax, specifying different sets of exemptions and audit systems.

Any retailer with a physical nexus to a State is subject to a myriad of confusing and complex State and local taxes.

The second point that needs to be made is that the legal uncertainty of the present system can be quite harmful, even for remote sellers because of the many questions left unresolved in the Quill decision. For example, would the mere presence of a computer server in a particular State constitute a substantial physical presence for State tax purposes? I do not know. How are purely electronic sales of books, movies, and sound recordings to be treated? We are not sure. Would the existence of a kiosk to place sales ordered through the Internet or a physical return facility constitute the type of physical nexus needed to establish sales tax collection authority? Who knows?

All of these issues can and should be addressed as a part of a comprehensive tax simplification effort, yet this will be far less likely to occur if we extend the present system to 2006.

I would also note that the process by which the bill has been considered is neither serious nor credible. There have been no Committee on the Judiciary hearings to obtain input from the interested or affected parties. Instead, our markup was scheduled on one day's notice, the bare minimum required under the House and committee rules.

This bill has been rushed to the floor waiving House rules specifying a 3-day layover requirement and against unfunded intergovernmental mandates.

So in my view, the entire process appears to have been more the result of partisan political considerations than sound policy, because why else would the Majority Leader announce the legislation is slated for floor consideration before the committee had heard from a single witness, or even scheduled a subcommittee full markup?

The majority appears to be using this legislation in a desperate effort to create the appearance of a serious high-tech agenda, even while they postpone and defer considerations of the larger issues.

It is ironic that the majority could claim to be a champion of the tax-free Internet at the same time that the chairman of the Committee on Ways and Means is proposing a new 30 percent Federal tax on sales transactions,

including all electronic sales consummated over the Internet.

Later today, I will plan to support the Delahunt-Thune amendment, which extends the moratorium until the year 2003. Now, this approach will keep pressure on the Congress to deal with the more pressing problems of E-commerce and ensure that taxing authorities are not creating too many unwise toll booths on the Internet highway.

Mr. Chairman, I reserve the balance of my time.

Mr. GEKAS. Mr. Chairman, I yield 3 minutes to the gentleman from Florida (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, sometimes I am not certain around here whether we are making progress or not, but we certainly are working on a very, very important issue. The other side, the minority, at times criticizes us for not working enough. Yet, today we are being accused of rushing legislation to the floor. I disagree with that viewpoint.

I think we are all aware of the Internet and its importance to the country. I think if we look at the record, Republicans have, in fact, been stalwart leaders in trying to bring the Nation as a whole into the Internet economy.

Mr. Chairman, I rise in support of H.R. 3709, the Internet Nondiscrimination Act. The Internet is the engine that has fueled this massive expansion in our Nation's economy. This is the "Internet Age" and America is leading the way in innovation and development of this vital sector of our economy.

This bill is important because it tells the government: "Keep your hands off the Internet." All too often we have seen the Federal Government stifle innovation and new technologies through heavy taxation and overburdensome regulation. We could cite the Justice Department's heavy hand in the Microsoft case, which is obviously causing serious tremors on Wall Street and is causing millions of Americans to lose a substantial part of their retirement savings because the equity values have been driven down because of the fear that innovation and technology improvements to society will be challenged by this Justice Department.

This bill will prevent States and localities from imposing access charges to the Internet. Many in this Chamber have received calls and letters from our constituents urging us not to tax the access to the Internet. This is in response to those thousands of e-mails and letters we have received from our constituents.

Allowing every taxing authority across the country to tax access to the Internet is the quickest way to destroy it, and certainly that is something that no one here wants.

I am concerned, however, about the effects this bill will have on the ability of States to collect sales tax revenue.

My State of Florida is heavily dependent on sales tax receipts, as it does not have a State income tax. And I congratulate our State for not having an income tax.

Mr. Chairman, please understand, I do not favor taxes, sales or otherwise, that discriminate against the Internet. I supported the 1998 Internet Tax Freedom Act because I felt it was important at the time to give the Internet some room to grow absent the heavy hand of government. However, today we are facing a situation where businesses in my district and all across America are being discriminated against. If a person can evade sales taxes by making a purchase on-line, the small business on the street corner that sells that same product will, in fact, suffer.

The Internet is now thriving, and it is unfair to continue an unlevel playing field which gives Internet companies an advantage over the "brick-and-mortar" corner stores all across America. It is my hope that we can reach a compromise on this particular issue; however, I support the main intent of this bill, which is preventing the taxation of Internet access.

Mr. Chairman, I congratulate the gentleman from Pennsylvania (Chairman GEKAS) for his leadership.

□ 1130

Mr. CONYERS. Mr. Chairman, I yield 4 minutes to the gentleman from New York (Mr. NADLER), who is the ranking member on the Committee on the Judiciary.

Mr. NADLER. Mr. Chairman, today we consider a matter of vital importance to our Nation's future: how to nurture the development of the Internet commerce; how to provide a clear and predictable environment for e-commerce, free from multiple and discriminatory taxes, while at the same time protecting our local communities which need revenues to fund schools, to fund emergency services, such as fire and police, and hospitals, and so forth.

I take that balance very seriously. In New York Silicon Alley, which I am proud to represent, emerging high-tech firms are on the cutting edge of the new economy. They provide a vital new engine for economic growth and innovation. We need to foster that innovation and ensure its future.

For that reason, as the ranking member on the subcommittee, I took a leading role in seeking enactment 2 years ago of the Internet Tax Freedom Act, which provided for a moratorium on various taxes on the Internet and established a commission to recommend a rational, fair and predictable system of taxation that placed e-commerce on an equal footing with similar businesses.

The purpose was to ensure that the new economy not be stifled by multiple or unfair or discriminatory taxes, and

that economic decisions in the private sector, insofar as possible, be made on economic, not tax avoidance grounds so as to maximize economic efficiency, productivity, growth and fairness.

Mr. Chairman, unfortunately, the commission dropped the ball and could not agree on any approach. Rather than taking the time to deal with this important responsibility ourselves, we are faced today with a rushed piece of legislation that extends the moratorium, but fails to address the important questions of fair, nondiscriminatory taxation that will protect the new economy for multiple taxes, discriminatory taxes and other unfair burdens that could undermine the ability of the Internet to grow, prosper and continue as an engine for economic growth.

In fact, as was mentioned, the bill was rushed through the Committee on the Judiciary so quickly, on orders from the House Republican leadership, that we will not have time to hold any hearings until next week, after this vote is taken. First you vote on the bill, then you have hearings to find out what you are talking about. Is that any way to deal with something this important? Shoot first and ask questions later?

Are we doing e-commerce or our communities any favors by acting so rash and irresponsible a manner? There are 16 months left in the current tax moratorium. I think we could have taken a day or two to hear from the industry and other interested parties and experts to craft more comprehensive legislation before voting.

It did not have to be this way. Instead of pushing through a bill that will not provide predictability and long-term protection for e-commerce that ducks the major issue, Congress today punts by simply extending the moratorium and dodging the important questions.

These issues will not go away. State and local governments will need clear rules on what they can and cannot tax. E-commerce companies will need to know what their future situation will be. Main Street businesses need to know that they will not be placed at a competitive disadvantage. If we fail to address these issues, as this bill does, we may very well face years of complex and costly litigation before the courts straighten it out.

But we are not doing that today, we are voting on a press release today instead of legislation that would take some responsibility for the future of the Internet.

We need to deal with the sales tax issue, the nexus issue and the access issue once and for all. We do no one any favors by avoiding the hard questions as this bill does. That future is too important to play politics with. While I am disappointed with the incomplete legislation we have before us

today, I am also determined to move the process forward in the hope when the time comes to vote on a conference report, the bill will address these important issues.

Mr. Chairman, I will vote for this bill today, knowing it is a terribly flawed product, hoping that before we have a conference report it will deal with the issues we are dodging today. If the conference report does not, a lot of us will have a lot of difficulty supporting such a flawed product.

Mr. GEKAS. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. WELLER).

Mr. WELLER. Mr. Chairman, I rise in support of this important legislation. Let me share some interesting statistics with my friends and colleagues. One-third of all economic growth today results in the new economy based on technology. High-tech wages are 77 percent higher on average than the other private sector jobs; 37 million Americans access the Internet every day. Clearly, the new economy offers great opportunity for all Americans.

Mr. Chairman, I am proud to say that Illinois is a high-tech State. Illinois ranks fourth today in technology employment. We rank third in technology exports. This issue is important to the people of Illinois, and it is a simple bill. We are just saying, no new taxes on e-commerce. No new taxes; pretty simple message.

The U.S. Department of Commerce estimates that the number of new websites and Internet users doubles every 100 days. This issue is whether or not we impose any new taxes on Internet and e-commerce sales.

Let us remember traditionally that government has always been very creative in finding new ways to tax. We are just saying no new taxes.

At a time when the new economy is growing so strongly, creating one-third of all the new jobs, we want to keep it growing. I am proud that Illinois has been leading the way. I am proud that Illinois made the statement 2 years ago that it will not tax Internet access charges subjecting them to the State's sales tax, the telecommunications tax.

Illinois has already led the way, and we are following the lead of States like Illinois, because Illinois wants a growing new economy. The new economy is growing today because we have a simple agenda here in this Congress. The majority wants a tax-free, regulation-free, trade barrier-free new economy and because of that, it is growing, creating new opportunity for millions of Americans.

There is no excuse for delay. We are hearing lots of excuses because some people want to tax the Internet. No more excuses; no new taxes. No new taxes on the economy. Let us vote aye.

Mr. CONYERS. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from North Carolina (Mr. WATT), a member of the subcommittee.

Mr. WATT of North Carolina. Mr. Chairman, I thank the ranking member of the Committee on the Judiciary for yielding me the time.

Mr. Chairman, let me be clear that I originally supported the appointment of a commission and the original moratorium, because I thought the whole issue of how we tax Internet sales was a very, very complicated issue which had substantial implications for commerce, as well as substantial implications for local governments and their ability to support initiatives at the local level.

I thought that we could not in the Committee on the Judiciary make a quick judgment about how to create a level playing field between brick and mortar stores and e-commerce sales.

The Commission has failed in my estimation, and I think we do need some kind of extension of the moratorium. I do not think that 5 years is an appropriate extension. I think it is way too long to extend this moratorium, because what we have in addition, related to the moratorium itself, is a companion issue which deals with how we create a level playing field between retailers and other businesses that are operating in brick and mortar stores and people who are selling over the Internet.

Right now, brick and mortar stores are at a competitive disadvantage because they have to collect local sales taxes. In many cases, e-commerce is able to evade those local sales taxes, and that puts brick and mortar stores at a competitive disadvantage.

So if we are going to create a level playing field for both e-commerce and brick and mortar local retailers, we need to deal with how we do that at the same time we deal with the extension of the moratorium. To delay how we create that level playing field for 5 or 6 more years, actually 6 more years, not just the 5-year extension, because this 5-year extension does not pick up until a year from now, we are talking about a 6-year extension of a moratorium that really puts in place an unlevel playing field for that 6-year period.

I think that is terribly unfair to our existing brick and mortar stores in our communities. It is terribly unfair to local governments who rely on the ability to tax to support their activities.

So I hope my colleagues will oppose this bill and support the Delahunt amendment.

Mr. GEKAS. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. BOEHNER).

Mr. BOEHNER. Mr. Chairman, the beauty of the Internet economy is that there is almost no limit to what one can accomplish if one has access to it. E-commerce offers every citizen the chance to be an entrepreneur and to pursue the American dream. It puts

David on a level playing field with Goliath, giving the smallest mom and pop business the opportunity to reach the same customers as the industry giants.

Our responsibility as elected leaders is to knock down any barrier that unfairly denies Americans the chance to participate in this new economy, whether it is access charges or double taxation of on-line purchases or the ancient sales and use tax laws that some want to resurrect for Internet sales.

The measure before us would provide a 5-year extension of the moratorium on new taxation of the Internet. This moratorium is America's first line of defense against unnecessary government intrusion in the new economy. It is essential to preserving the evolution of the Internet and making it accessible to every citizen.

Mr. Chairman, no one can say with certainty where the Internet will lead us or which opportunities it will yield. But we do know the Internet is working for America, and we know it is that freedom that is what is making the Internet work.

I urge my colleagues to support this bipartisan bill.

Mr. CONYERS. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts (Mr. DELAHUNT), a member of the Subcommittee on Commercial and Administrative Law. No one has worked harder on this than him.

Mr. DELAHUNT. Mr. Chairman, last year, in 1999, State and local governments lost \$525 million in anticipated sales tax revenues on e-commerce or so-called Internet sales. Researchers from the University of Tennessee estimate that on-line sales will grow to \$200 billion by 2003. Unless there is a system that is in place that enables the States and local governments to require out of State merchants to collect taxes on their sales to in-State residents, they will lose more than \$20 billion annually by 2003.

This chart on my right lists all 50 States in their projected sales tax revenue losses for the single year of 2003. Some examples are instructive. Florida will lose \$1.4 billion in sales tax revenue. Texas will lose more than \$1.7 billion in revenue.

It is important to note, by the way, that Florida relies upon the sales tax for 57 percent of its total revenue, and Texas relies upon the sales tax for 51 percent of its total revenue.

It is easy to imagine how these kinds of losses affect a State or local government's ability to provide for basic services such as police and fire protection or a viable educational system. They will either be compelled to cut back these services or more likely raise income taxes and/or property taxes. No way will this underlying bill cut taxes. It is important to be clear about that. At best, it will only shift them.

Now, how do we get to this point, where the States are forced to deal

with ever-increasing shortfalls in anticipated sales tax income? Well, in 1992, the Supreme Court ruled that a State could not compel an out-of-State business to collect the sales tax for a product or service sent into that State. This inability to collect from out-of-State merchants coupled with the dramatic but very recent explosive growth of e-commerce has created a serious fiscal problem for State and local governments.

Furthermore, this issue is not just about declining sales tax revenues to State and local governments, it disadvantages small business as well. Those merchants in our neighborhoods and communities that make up our local Chamber of Commerces, how can they compete when there is no sales tax parity.

□ 1145

One can imagine deserted shopping malls and empty storefronts downtown. The digital divide should not be extended to American business or to those who patronize them. We will have two classes of American consumers and two classes of American business and no level playing field for either.

The States understand these issues, and by their own initiative, have formed the so-called streamlined sales tax project. Let us leave it to the States.

Mr. Chairman, later on, I will submit an amendment that will reduce the 5-year underlying proposal to 2 years.

Mr. GEKAS. Mr. Chairman, I yield 4 minutes to the gentleman from Virginia (Mr. GOODLATTE).

Mr. GOODLATTE. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, this sales tax debate is very interesting. In fact, we are going to continue that debate with hearings in the Committee on the Judiciary soon. But as far as this legislation today is concerned, it is nothing more than a red herring attempt to divert the attention of this Congress and the American people from the task we have at hand today, which is to protect folks like the young students that were at our E-contract 2000 press conference with the majority leader a little while ago, who themselves, 15-year-old kids, said do not put taxes on access to the Internet.

That is what this bill is about, keeping some of the most unfair, most regressive taxes, taxes that hurt the lowest income Americans from being imposed on the Internet and denying those people the opportunity to participate in the information age, the educational opportunity, the opportunity to shop on-line. When we allow States or other entities to impose those taxes, they hurt the lowest income people the most, but they hurt the Internet, which is benefitting the United States as well.

It is vitally important that we take a very, very cautious approach towards allowing taxes of any kind on the Internet, because the Internet is the engine causing our economy to grow. Nearly half of the growth in our economy is attributable to the high-tech industry, and the Internet is the engine that is driving that growth.

We have, so far, been very successful in encouraging 135 nations around the world, members of the World Trade Organization, from restraining this impulse to put more and more taxes onto the Internet. And that is what we are trying to do today, is to set an example for the States, but, even more importantly, for the rest of the world; that as this economy grows, we not tax it to death.

There is a saying here in Washington that when government sees something moving, they try to regulate it to death. If it keeps moving, they try to tax it to death. And then, of course, if it stops moving, well, then they subsidize it. That is not the model for the Internet. We have been able to keep it free of taxes, we need to continue in that direction.

This is a great first step in that direction, and I urge my colleagues to reject amendments that would shorten this extension of the moratorium of 5 years and to reject amendments that would eliminate the provisions in this bill that take out the grandfathered States.

Let us be fair to everybody and let us reject the idea that this has anything to do with the States collecting their sales taxes. It does not. It is simply a way for us to protect American citizens from unfair and discriminatory taxes on the Internet.

I urge my colleagues to support this legislation and reject these amendments that are going to be offered.

Mr. Chairman, I submit the following letter to the Speaker from the Governor of Virginia in the RECORD:

COMMONWEALTH OF VIRGINIA,  
OFFICE OF THE GOVERNOR,  
Richmond, VA, May 9, 2000.

Re: H.R. 3709

Hon. J. DENNIS HASTERT, Speaker of the House of Representatives, Office of the Speaker, House of Representatives, Washington, DC.

DEAR SPEAKER HASTERT: Thank you for your efforts in moving H.R. 3709 to a floor vote tomorrow. You and Majority Leader Arney are to be commended for the leadership you have demonstrated in moving the Advisory Commission on Electronic Commerce's recommendations from concept to swift legislative action. The people of the United States can be proud of your efforts on their behalf.

Please extend to your colleagues in the House my encouragement to vote for H.R. 3709 in its current form. Congressman Cox and Congressman Goodlatte have crafted a bill that will protect millions of women and men who use the information from unfair and discriminatory tax burdens and from taxes on their monthly Internet access charges.

The extension of the moratorium against "multiple and discriminatory" taxes targeted at the Internet is necessary to protect the Internet from tax and regulatory burdens that will inhibit full growth of the Internet. In the words of President Reagan, "The government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it." What's moving in the Internet Economy are bits and bytes and electrons of Internet through cables and wireless satellite connections—and the moratorium presented in H.R. 3709 is necessary to protect government's inherent appetite for more revenues even during times, such as we enjoy today, of economic plenty.

The prohibition against taxes on monthly Internet access fees is necessary to reduce the financial burden on working men and women and families who want to log on the Internet. This is crucial for several reasons. First, America's policy should be to encourage all Americans to log on the Internet and empower their lives with access to all of the social, educational and economic opportunities located on the world wide web. Second, a prohibition against taxes on Internet access would reduce the price of Internet access and thereby help close the "digital divide." Third, Americans already pay a tremendous tax load to log on the Internet because of the taxes they pay on telephone and cable lines they use to connect to the Internet.

Moreover, these basic tax protections are necessary if the people of the United States are to realize all of the social and economic benefits promised by the Internet and if the United States is to maintain its economic dominance in the Information Economy.

For all of these reasons, I encourage the House to pass H.R. 3709 tomorrow.

Very truly yours,

JAMES S. GILMORE III,  
*Governor of Virginia.*

Mr. CONYERS. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma (Mr. ISTOOK), a real States' Righter.

Mr. ISTOOK. Mr. Chairman, I thank the gentleman for yielding me this time.

I have had a personal computer on my desktop for over 15 years, using it daily, watching it become an important part of work, of entertainment, of information gathering, of finding out the news, of doing research. I use it constantly. And I hear people say, well, do not tax the Internet. Okay, that is fine. I do not want to tax the Internet. But I do not hear those same people saying do not tax telecommunications, do not tax department stores, do not tax clothing stores. Where is the principle of fairness and consistency?

If we tell businesses that by hooking up with the Internet they gain exemption from taxes, competitive pressure means all businesses will work through the Internet to exempt themselves from taxes. But we are not talking about Federal taxes that we are deciding. We are taking away the ability of our States and our communities to have the tax base that pays for schools, that pays for roads, that pays for police, that pays for fire protection.

Do not tell me to not tax the Internet unless we want to also say we will not tax telecommunications. Get rid of all of them. My cable modem at home comes through our cable TV provider. There is a tax on it. Do we say we will grandfather that one in, but if California or somebody else wants to do the same thing, they cannot do it? There is no principle of fairness, no principle of equality.

We have traditional businesses. They have been in our communities. They have sponsored little league teams, they have picked up trash by the side of the road. They have helped with the PTA and school plays. But we say we do not care about them because there is a new kid in town that looks mighty attractive to us and we only care about them.

Now, I realize this bill purposefully evades the big issue, which is equal treatment of collecting sales taxes. And people say, oh, well, we will worry about that later. Yeah, after 5 more years, on top of another year and a half to go. Justice delayed is just denied. Decisions delayed are decisions denied.

Mr. Chairman, we need the principle of fairness, and we should not take the easy decision. We are going to eat our dessert, but we are never going to deal with eating our vegetables. Let us put the decisions all in one, as we did in telecommunications reform, as we did in financial services reform. We should not put off the tough decisions.

Mr. GEKAS. Mr. Chairman, I yield 1 minute to the gentleman from Oregon (Mr. WALDEN).

Mr. WALDEN of Oregon. Mr. Chairman, I just want to say that I have gotten more mail on this issue than any other, other than satellite television, in the last 16 months, and this is a classic letter:

"Dear Mr. Walden, I am a registered Oregon voter who uses this service of long-distance e-mail often, and I do not think it is right for the U.S. Postal Service, telephone companies, or any other entity to tamper with a person's right to free Internet e-mail. I am posting my no vote with you, my State representative. Thank you, sincerely, Mrs. Marilyn D. Icenbice of Klamath Falls, Oregon."

She is right. We are going to stop that and prevent that from occurring.

And let me talk a minute about temporary taxes. There is a temporary tax on our phone right now that was put in place to fund the Spanish-American War. Like my colleague from Oklahoma just talked about some of these taxes, we are going to get rid of that one, later this month, hopefully.

So a temporary tax never goes away. And if we allow the Internet to get caught up in that, we are in real trouble. Because the Internet and high-tech has been the economy that is fueling what is going on in terms of growth in America. Not in all sectors, but cer-

tainly an important sector. And we can do the best to expand the Internet into rural areas, like my district, by keeping it tax free.

I urge my colleagues to support this moratorium.

Mr. CONYERS. Mr. Chairman, I yield 2 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE), a member of the subcommittee.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I thank the gentleman for yielding me this time, and I thank those who have come to the floor to debate this issue because it requires debate.

In fact, I would have wanted us to have deliberative hearings in the Committee on the Judiciary, as the Committee on Commerce has proceeded in hearings, to really answer the questions and concerns that are expressed about the Internet by the proponents of this legislation and to address the crucial issues as evidenced by those who oppose.

I listened to a previous speaker who indicated that there are 37 million individuals who access the Internet every day. Well, there are 17 million citizens, approximately, in the State of Texas who are not able to speak for themselves when this legislation will cause them to lose \$50 million a year in Internet access taxes, or almost 51 percent of their revenue with the loss of \$1.7 billion.

Mr. Chairman, I do not understand why we would move so precipitously to pass this legislation when there is still 18 months left on the present moratorium and to eliminate States, such as Montana and Ohio and Texas, those people who depend upon that revenue for education and health care services, that we would eliminate their opportunity to continue their structure of taxation.

In fact, Texas has stopped, or at least Texas has exempted the first \$25 per month in access fees from taxation. They have structured their own taxation structure. But yet we come, without any hearings, to eliminate the opportunity for those States to continue to assess those fees and to receive revenue.

I would argue that we are way beyond where we should be. We realize that the Internet can be expected to generate \$350 billion a year within the next 2 years for electronic sales. That is the reason why we must do a measured and decided study on what we do.

I support the Delahunt amendment. I have an amendment to include the grandfathered States. This is a bad bill the way it is. We are moving too quickly and we are hurting a lot of people.

Mr. GEKAS. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. ARMEY), the majority leader.

Mr. ARMEY. Mr. Chairman, this is indeed a defining moment. We are really separating ourselves into two different camps here.

On one hand, we see those who see a digital divide. On the other hand, we see those who see a world of digital opportunities. On one hand, we see people who think the world is all about a zero-sum game of stagnation and redistribution. On the other hand, we see people who understand the world is about growth, development, innovation, jobs, new products and new discoveries in our life.

Mr. Chairman, the fact of the matter is every State, every municipality in America knows that high-tech America is a world of digital opportunity, where there is economic growth, there is a new firm every day, there is a new idea every day, there is a new product every day, and every one of these communities, all flush with cash, are offering digital America whatever tax concessions they can to come locate in their State, come locate in their city.

They promise a tax break because they know what economic growth, increased jobs will do to improve their schools, to improve their community. Clean economic growth. High-tech members of the community. Good citizens all. Every one of our States wants them. But, as soon as the States then turn their attention to milking that cash cow that they worked so hard to bring, then they say, well, we really have a zero-sum game here. Now we need to have discriminatory taxation against this very same institution called high-tech America.

This Congress says we are for growth. We are for development. We are for the increased job opportunities and the better community that every one of these communities seeks when they go to a high-tech firm and they say come locate here. And my colleagues all know we do it.

Now, one final point. Mr. Chairman, I am from Texas, and Texas was grandfathered in for sales taxes. And I am in support of this bill, even with the removal of the grandfathering States. Why? Because Texas is better served by growth, economic development, expansion, invention, creativity, innovation, discovery and the wonder that comes with high-tech America than they are served with the paltry little bit of sales tax increase they can get by applying discriminatory taxation to the driving engine of the American economy.

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Mr. CONYERS. Mr. Chairman, I am pleased to yield 2½ minutes to the gentleman from Texas (Mr. DOGGETT.)

Mr. DOGGETT. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, the economic dream of America is still alive and well in Central Texas. A business can begin in a dormitory room, as Dell Computer did, or in a garage, as hundreds of start-ups in our community have done, and can grow into a multi-million dollar publicly traded corporation.

This is an old principle of America that has now been applied in what we call the "new economy". And if these start-ups, some of which are very small, struggling companies before they become big prosperous companies, are overburdened with having to file tax returns as thick as a telephone directory in some 30,000 jurisdictions across the country, we will stifle the growth of this new economy.

That is why I was an early supporter of the Internet Tax Freedom Act and why I will vote for this Internet Non-discrimination Act.

I also believe that there is great merit in permanently banning all forms of taxation that could be imposed on use of the Internet itself, on getting on the Web. We have seen that the Europeans have slowed the growth of electronic commerce in their countries because it costs too much and they get taxed too much even to get access to the World Wide Web. Let's "free the web" of taxes throughout America.

I believe that a tax-free zone on the Internet will encourage the growth and stimulation of this new economy and all the innovation, the associated creativity that holds so much promise for the future of America.

But I also know that our new economy has boomed in Central Texas, largely because of entrepreneurial skill, an educated workforce, and a quality of life with some secure neighborhoods, and environmental awareness. If we do not have the local tax base to provide a police department, if we have to rely on a virtual fire department, if we cannot get the resources to upgrade our workforce and our public education system, then our new economy will suffer just as much as if we are overburdened with taxation.

Texas has some of the highest access charges in the country. I do not know why some of our State Republican leaders, who have offered so much pro-technology rhetoric, have not worked to repeal those taxes, but they have not. And, so, we are doing that in this bill.

The Internet Tax Freedom Commission failed in its responsibility to balance these conflicting concerns.

In short, what I would say today is that a good concept is being applied in this bill in a bad way, it is being rushed through not to help the Internet but to help in the next election. The desire is to mislabel Democrats as being pro-tax and anti-tech. That is wrong.

We should be coming together to resolve this issue, not having the kind of electoral grandstanding that is occurring here.

Further, there is a danger that an extended moratorium will open the door to the 59.5 percent Federal sales tax that the gentleman from Georgia (Mr. LINDER), who was just out here, and too many Republicans have been advocating.

Republicans are advocating replacing the Income Tax Code with a 60 percent tax on every Internet transaction. That would be a real setback.

Mr. GEKAS. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania (Mr. PETERSON).

Mr. PETERSON of Pennsylvania. Mr. Chairman, I thank the gentleman from Pennsylvania (Mr. GEKAS) for giving me this opportunity and for his leadership on this issue.

Mr. Chairman, we have just heard a lot of rhetoric. And that is what it is. It is rhetoric. It is not fact.

E-commerce is a vital building block in America's future. We are being told that the changes in the next decade will quickly overshadow the changes of the 1990s. Think about that. We are going to overshadow this progress that we have made in the last decade in a couple years. And it has been hard for me to fathom the changes that we have seen in just the last few years.

What should we do? My father was an 8th-grade-educated steelworker but wise beyond his formal education. When I got in government, he said to me, Son, when you get in government, first do no harm. Do not get in the way. Do not stop progress. Do not let government overregulate, control, or tax success that is the major force in growing our quickly changing economy in this society.

If we want something to slow up, tax it. If we want something to stop growing, tax it some more. If we want something to go away, tax it again and regulate it.

What should we do? Well, I was a bricks-and-mortar retailer for 26 years. We heard their defense today. If I were a retailer today, I would be using e-commerce to expand my business, not for defense.

By using the Internet, every American entrepreneur has the chance to go to a global marketplace without building further infrastructure. We must try to get everyone to understand the potential of the Internet, that is where we need to put our time, and teach them how it use it, promote access, and make sure they all have the fast pipeline, that they can use the Internet in the most efficient way.

Let me tell my colleagues what we have not heard enough talk about is adjusting our educational system to the high-tech society of today. We are not preparing the workforce of today for the technology jobs of today. Hundreds of thousands, if not millions, of jobs are going begging in this country, good paying jobs, because we are not up to speed with the technology changes.

So let us keep government out of the way, what we are doing with this legislation; let us not promote and allow further taxation to stop this growth; let us have incentives to educate the public so they understand how to use it

and benefit from it, incentives to expand the pipeline so everybody has the high-speed pipeline; and last, but not least, drastically look at our educational system and expand technology education in this country by big numbers, because the academic system we have is not training people for the high-tech jobs of today, and the companies that are growing and paying the taxes that will fund our governments need high-tech workers that we need to make sure are available for their future.

Mr. CONYERS. Mr. Chairman, I am pleased to yield 1 minute to the gentlewoman from Oregon (Ms. HOOLEY).

Ms. HOOLEY of Oregon. Mr. Chairman, in October of 1998, we overwhelmingly passed the Internet Tax Freedom Act, a law to keep the heavy-handed government taxes off the Internet. We passed this law because we all know that if we overburden e-commerce by taxing it, it will never achieve its full economic potential.

This 3-year moratorium has worked. Over the past years, the growth of Internet use has been tremendous. The number of Internet users doubles every 100 days according to the U.S. Department of Commerce and accounts for 15 percent of our total economic growth.

Many of us are talking about closing the digital divide. What better way to make the Internet more affordable for everyone than by extending this tax moratorium.

With the rapid growth of the Internet and the economic benefits that it brings, use of the Internet should not be restricted by multiple and discriminatory taxes. That is why this legislation to extend the Internet tax moratorium for 5 years is so important.

I urge my colleagues to support this important legislation.

Mr. GEKAS. Mr. Chairman, I yield 3 minutes to the gentleman from Virginia (Mr. DAVIS).

Mr. DAVIS of Virginia. Mr. Chairman, the Internet is the most empowering invention since the printing press. It allows individuals now when they go to buy things to have the buying power that was once reserved for retailers.

More students at the elementary school level can now have access to information that was once reserved for educational elites and kings and princesses. This will empower people to make better decisions and help their own lives.

Yet, we still have a digital divide in this country where too many people do not have access to the Internet, their kids do not have access. The challenge to us is that this gap between the rich and poor, which has been widening, will not widen further with the growth of technology.

This moratorium is an effort to bridge this digital divide by saying we are not going to put taxes on this and

people who cannot afford this today are not going to be priced out of the market by excessive governmental taxation. That is all this does. And for 5 years it gives us the opportunity for businesses to make their plans over that time.

It does not address the sales tax issue. That is a constitutional issue. It was raised in *Quill v. North Dakota*. This Congress can address that any time it wants to come back, or it can be addressed through the courts. But it does say that we are not going to have over 7,000 different local taxes and fees relating to the Internet all over this country, that we are not going to do the usual philosophy that if it moves, we tax it, if it keeps moving we regulate it, and when it stops moving we subsidize it.

We are going to allow the entrepreneurs and the businesses that have built this Internet and that have programmed the software that has made this available to the average citizen's fingertips, we are going to allow them to keep on doing what they have been doing and grow the economy.

There is no question we are due for a tax overhaul in this country. The information revolution changes the whole paradigm in terms of how people make wealth. At the local level, it is still measured in property taxes. I spent 15 years in local government. The property tax no longer gives us the financial ability in many jurisdictions to raise the money for education and public safety and the like.

Wealth has moved into knowledge, and this is something for over the long term as we address our IRS Tax Code. That is why I move that we try to scrap the Tax Code and rethink how we tax people. But this is a signal to all of the entrepreneurs and businesses out there in making their plans that the Internet is off limits for State and local governments over the next 5 years.

They are already getting increased receipts as a result of the development of the Internet. Every new phone line that comes in, there are access charges related to that. Phone bills that go in, those are Internet fees. They are paying that to State and local government. Sales of equipment. My colleagues do not think they have sales taxes on the sales of equipment and the like? Electric bills. The new employees that are created pay all different kinds of taxes.

Revenues are up at the State and local level, and a lot of this is because of the Internet. If we put a tax on top of this, it not only hurts us domestically but it hurts us across the globe.

America is 5 percent of the world's consumers. Ninety-five percent of the world's population lives outside the United States. If we start taxing it here, we start talking about destroying the goose that laid the golden egg.

That is the end of American dominance of the world economy on the Internet.

Mr. Chairman, I rise today as an original sponsor and enthusiastic supporter of H.R. 3709, the Internet Nondiscrimination Act. With Internet use and global electronic commerce growing at an astronomical pace, it is inarguable that the Internet is emerging as the most unique and the fastest-growing tool of communication known to mankind. The Internet facilitates not only economic growth but the easy dissemination of ideas and information from almost any spot in the world. We are at the tip of the iceberg in terms of the potential that the Internet can offer both cheaply and quickly.

Yet an ever-present concern plagues many of us who understand the need to foster the Internet's continued growth: the government interference in the electronic marketplace—whether it be through regulation or tax policy—will create barriers that interfere with the transformation of the Internet into the repository of global communications and commerce for the 21st century.

Two years ago, we recognized that state and local taxation in electronic commerce would require a thorough analysis before we could formulate a balanced and restrained federal policy on the taxation of goods and services sold over the Internet. While most of us agree that regulation of the Internet would hinder technological innovation and economic growth, we also understand the legitimate needs of state and local governments who use sales tax revenue to fund services for their citizens. We enacted a 3-year moratorium on Internet access taxes and multiple and discriminatory taxes on goods and services sold over the Internet. We also created the Advisory Commission on Electronic Commerce to begin that process and identify all of the integrated issues that arise in the context of taxation and the Internet Economy.

As we all know, the Commission reported its findings and proposals last month. While the Commissioners could not agree on a way to resolve the thornier issues of sales and use taxes and Internet access charges, among others, they did provide a critical basis for us to continue discussing how we prevent Internet taxation from discouraging every American's access to the Internet and inhibiting electronic commerce. And among their recommendations was a proposal—supported by a majority, 11 out of the 19 Commissioners—to extend the current moratorium on those types of taxes for another 5 years.

I understand that some of my colleagues believe the moratorium should not last as long as 5 years and others believe that we have to address this important issue in a comprehensive manner. To the latter concern, I wholeheartedly agree—this issue needs to be resolved in a methodical and holistic manner. But we need to implement a realistic time frame that will allow us to resolve each and every layer of the problems presented by taxation in a digital world.

This problem cannot be about politics. It cannot be about one side fighting at all costs for victory over another. 56 percent of U.S. companies will sell their products online by 2000. The Internet Economy now accounts for 2.3 million jobs. Global Internet commerce has generated nearly \$145 billion in revenue since

1998. The U.S. not only has the fastest-growing number of Internet users, but the largest proportion of e-commerce consumers.

How we address Internet taxation without hindering Internet access and expansion is one of the most important long-term economic policy decisions that our nation will make. That is why a 5-year moratorium is critical. I want to congratulate my colleague, Congressman COX for his steadfast and outstanding leadership on this issue. I urge all of my colleagues to support H.R. 3709 and oppose any amendments that weaken the extension of the Internet tax moratorium.

Mr. Chairman, I urge adoption of this bill.

Mr. CONYERS. Mr. Chairman, how much time remains on each side, please?

The CHAIRMAN pro tempore (Mr. NETHERCUTT). The gentleman from Michigan (Mr. CONYERS) has 7 minutes remaining. The gentleman from Pennsylvania (Mr. GEKAS) has 10½ minutes remaining.

Mr. CONYERS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I include for the RECORD the following editorial from the Washington Post dated today, May 10, 2000:

#### A DEMAGOGIC BILL

The House is scheduled to vote today on a five-year extension of the current "moratorium" on Internet taxation. The extension is deceptive legislation that in the short run doesn't do what most people think and that in the long run could do real harm. The measure does not ban state sales taxes on e-commerce—transactions over the Internet. But it sounds as if it does, which suits the sponsors just fine.

They pose as champions not just of a tax haven but of a technology in which America leads the world (and of an industry that has become a major source of campaign donations). Not to worry that the electronic commerce they embrace poses a serious threat to the sales tax base of the states whose interests they also profess to champion. That is another day's problem.

Not all members were prepared to join in the grandstanding. "When it's convenient, we all give lip service to the 10th Amendment, pledging allegiance to local and state government rather than federal control," Rep. Ernest Istook said in a letter addressed mainly to his fellow Republicans. "Yet this week there is a rush to trample that 10th Amendment, hoping to buy favor with a select few groups." "Who will educate the Internet entrepreneurs of tomorrow, if the state and local tax base is destroyed," he asked. "The Internet should not be singled out to be taxed, nor to be freed from tax."

What the bill actually imposes is a moratorium not on electronic sales taxes but on taxation of access to the Internet, the monthly changes from AOL and similar providers. States remain free to levy taxes on Internet sales. Their problem is that they often can't collect them. The Supreme Court has ruled that they can't require out-of-state sellers to do the collecting for them in the same way they do in-state merchants. The threat, as more and more commerce shifts to the Internet, is not just that the states will lose revenue but that traditional merchants will be placed at a competitive disadvantage. The disadvantage could have the effect of ac-

celerating the shift to the Internet, in which case the process will feed on itself.

The answer is for the states to make their tax codes more uniform—not the rates, but the definitions: what constitutes food, for example, which is often exempt. Then Congress should authorize an interstate compact, under which sales taxes on e-commerce could easily be collected and remitted by computer. The National Governors Association is working toward such a result, which the Supreme Court would likely countenance. Instead of a show vote such as this, implying that it opposes such an outcome, the House should cast a vote in favor of it. The harm in this legislation is not what it actually does but in the commitment it implies—that the Internet will be tax free. Mr. Istook asked the relevant question. If his colleagues persist in undercutting the sales tax, are they "ready to replace it with some form of federal revenue sharing for states and communities?" No is the answer. No should be the answer to this demagogic bill as well.

Mr. Chairman, I also include the following letters for the RECORD:

April 12, 2000.

Hon. TRENT LOTT,  
Majority Leader, U.S. Senate, The Capitol,  
Washington, DC.

Hon. THOMAS A. DASCHLE,  
Minority Leader, U.S. Senate, The Capitol,  
Washington, DC.

Hon. J. DENNIS HASTERT,  
Speaker, House of Representatives, The Capitol,  
Washington, DC.

Hon. RICHARD A. GEPHARDT,  
Minority Leader, House of Representatives, The  
Capitol, Washington, DC.

DEAR SENATOR LOTT, SENATOR DASCHLE, SPEAKER HASTERT, AND REPRESENTATIVE GEPHARDT: We are writing to urge support for a fair and equitable system to ensure that all Main Street retail stores and Internet commerce can compete on a level playing field and to ensure that all Americans can join us in supporting the Internet as part of our new economy. Unfortunately, the Advisory Commission on Electronic Commerce (ACEC) proposal that was included in the Internet Tax-Freedom Act (ITFA) commission report, but failed to attain the two-thirds majority required by the Act, does the opposite. Instead of addressing the requirements laid out in the law to recommend a new state and local sales tax system to provide for fairness and balance, the proposal chose to use this opportunity to seek a host of new and expensive special tax breaks. We urge you to reject the report.

As stated in the duties section of the legislation the commission was to "conduct a thorough study of federal, state, local, and international taxation and tariff treatment of transactions using the Internet and Internet access and other comparable intrastate, interstate, or international sales activities." The commission proposal did not focus on Internet transactions, but instead made a recommendation that would reduce other existing state and local tax revenues by over \$25 billion per year.

Not only would the proposal eliminate existing sales tax on such items as books, movies, music, and magazines that are sold in local "bricks and mortar stores" but also would substantially reduce existing state corporate income and property taxes. The proposal, with a revenue loss of that magnitude, would disrupt the financing of state and local services and likely devastate education funding, which represents over 35 percent of the average state budget. Furthermore, instead of creating a level playing

field for all sellers, it would put the federal government in the position of both picking winners and losers and also making the current digital divide more severe.

The most important reason for us to oppose this proposal is that it would substantially interfere with state sovereignty. The U.S. Constitution was very clear in both ensuring state sovereignty and creating a critical balance between federal and state authority. For well over 200 years the federal government has respected state sovereignty and has been extremely careful not to interfere with the states' ability to independently raise revenues. This proposal would dramatically undercut this precedent.

It is hard to think of any more fundamental responsibility of governments and elected officials in our nation than that of determining which taxes and fees are utilized to pay for the services that our citizens want and need. State and local governments rely on sales, property, and income taxes—no two the same, reflecting the enormous diversity of our nation. This proposal would intrude very deeply into the rights and responsibilities of state and local governments.

Sincerely,

Michael O. Leavitt, Chairman, Utah;  
Parris N. Glendening, Vice Chairman, Maryland; Thomas R. Carper, Delaware; Christine Todd Whitman, New Jersey; Paul E. Patton, Kentucky; James B. Hunt, Jr., North Carolina; Jim Geringer, Wyoming; Bill Graves, Kansas; Don Sundquist, Tennessee; Jane Dee Hull, Arizona; Mike Huckabee, Arkansas; John Engler, Michigan; Tommy G. Thompson, Wisconsin; Frank O'Bannon, Indiana; Kenny Guinn, Nevada; Dirk Kempthorne, Idaho; John A. Kitzhaber, M.D., Oregon; Carl T.C. Gutierrez, Guam; Cecil H. Underwood, West Virginia; Mike Foster, Louisiana; Benjamin J. Cayetano, Hawaii; Jesse Ventura, Minnesota; George H. Ryan, Illinois; William J. Janklow, South Dakota; Tom Vilsack, Iowa; Angus S. King, Jr., Maine; Pedro Rosselló, Puerto Rico; Gary Locke, Washington; Lincoln Almond, Rhode Island; Bob Taft, Ohio; Ronnie Musgrove, Mississippi; Mike Johanns, Nebraska; Marc Racicot, Montana; Howard Dean, M.D., Vermont; Tom Ridge, Pennsylvania; Tony Knowles, Alaska.

COMMONWEALTH OF PENNSYLVANIA,  
OFFICE OF THE GOVERNOR,  
Harrisburg, PA, April 12, 2000.

Hon. TRENT LOTT,  
Majority Leader, U.S. Senate, The Capitol,  
Washington, DC.

Hon. J. DENNIS HASTERT,  
Speaker of the House, House of Representatives,  
The Capitol, Washington, DC.

DEAR SENATOR LOTT AND SPEAKER HASTERT: I understand that Congress may soon consider proposals addressing the Internet Tax Moratorium set to expire next year. Technology has been a central focus of my administration since I took office 5 years ago. From education to public safety, our commitment to information technology is helping Pennsylvania to remain competitive in the global economy and preserve the high quality of life in the Commonwealth. Internet based commerce is changing the face of how we do business in Pennsylvania and providing rapid access to a whole new world of information.

To foster the electronic boom I support an extension of the current Moratorium on access, multiple, or discriminatory taxes. The

Internet has been growing at a record pace and I believe the moratorium has facilitated that process by assuring that commerce over the Internet is not singled out and taxed in new and creative ways. That is why I proposed and the Legislature approved a repeal of Pennsylvania sales taxes on computer services as well as a tax prohibition on Internet access charges. More recently, in my 2001 budget, I have proposed a Sales Tax Holiday for Commonwealth residents who buy personal computers.

Pennsylvania is rather unique because we continue to manufacture goods. Thus, technological advances are often applied to many of those goods produced in Pennsylvania. Decisions on the taxation on Internet commerce therefore, are very complex and must balance the needs of both Internet and Main Street based businesses.

The report submitted by the ACEC Business Caucus to the Advisory Commission on Electronic Commerce acknowledged that "In addressing whether and how the Internet should be subject to taxation, a major priority should be reducing or removing access barriers to perhaps the most advanced and useful medium of communication and commerce yet devised". I concur.

I also agree with the Caucus position that the system taxation of remote sales should be simplicity, efficiency and fairness—and that "(o)ur system of federalism mandates that the burden to produce such a system falls on the states".

My concerns with the report include their preemption of the state role, albeit for allegedly a period of five years, during which time the Caucus recommends that Congress pass laws preempting state sovereignty. We, state and local elected officials, are best suited to reach a consensus on what changes need to be made to our sales and property taxes without creating a competitive disadvantage for any of our businesses. The magnitude of the undertaking is only equaled by its importance. States must work with local governments and its stakeholders—consumers, telecommunication and other remote businesses as well as our Main Street business to address these challenges.

As Congress considers legislation on Internet taxation, I hope that a guiding principle will be fair competition between Main Street businesses and Internet businesses. An extension of the Moratorium will provide us more time to assess the situation and ensure that we do no harm to either side. I strongly urge that when considering the impact of electronic commerce on our economy, any changes to the state tax structure should be done gradually and with consultation of all stakeholders.

Sincerely,

TOM RIDGE,  
Governor.

STATE OF NORTH DAKOTA,  
OFFICE OF THE GOVERNOR,  
Bismarck, ND, April 7, 2000.

Hon. J. DENNIS HASTERT,  
Speaker of the House, Rayburn House Office  
Building, Washington, DC.

DEAR SPEAKER HASTERT: I am concerned about the current dialogue on taxation of e-commerce and the recent report of the Advisory Commission on Electronic Commerce.

I do not know of a single Republican governor who wants to raise taxes. At the same time, I agree with Governor Leavitt and others who oppose any of the commission's findings that would allow Congress to infringe on a state's sovereignty or mandate tax exemptions for certain goods.

Yet, I am equally concerned about the need for a simplified and equitable tax structure. It is complex, I know: We should avoid doing anything to stifle the growth of the Internet and the new economy, and yet I refuse to put my Main Street businesses at a competitive disadvantage.

States and Congress will doubtlessly need to work together to address these issues, which is why the Commission was established. It is clear to me that these issues have not been resolved, and Congress should not consider a piecemeal approach at the expense of states' autonomy.

I look forward to working with you as we make our way through this complicated and important issue.

Sincerely,

EDWARD T. SCHAFER,  
Governor.

OFFICE OF THE GOVERNOR,  
Santa Fe, NM, April 12, 2000.

Hon. TRENT LOTT,  
Majority Leader, U.S. Senate, The Capitol,  
Washington, DC.

Hon. THOMAS A. DASCHLE,  
Minority Leader, U.S. Senate, The Capitol,  
Washington, DC.

Hon. J. DENNIS HASTERT,  
Speaker, House of Representatives, The Capitol,  
Washington, DC.

Hon. RICHARD A. GEPHARDT,  
Minority Leader, House of Representatives, The  
Capitol, Washington, DC.

DEAR SENATOR LOTT, SENATOR DASCHLE, SPEAKER HASTERT AND REPRESENTATIVE GEPHARDT: I am writing to urge support for a fair and equitable system to ensure that all Main Street retail stores and Internet commerce can compete on a level playing field and to ensure that all Americans can join us in supporting the Internet as part of our new economy, and to urge you to reject the Advisory Commission on Electronic Commerce (ACEC) report. Instead of proposing a means addressing the requirements laid out in the law to recommend a new state and local sales tax system to ensure a level playing field and to protect the sovereignty of states, the report proposes unprecedented interference into the rights and responsibilities of the citizens of New Mexico and their ability to determine how they want to finance vital public services and infrastructure.

The new economy offers incredible opportunities. It imposes a great responsibility on all of us to enhance electronic commerce, but not at the expense of our small, Main Street businesses. In a world like this, if remote sales over the Internet are taxed differently than intra state sales, we will have a system based upon a tangle of legal maneuvering that will create separations between local merchant and their Internet counterparts, and a playing field that will be viewed as inherently unfair. Such unfairness, if left to fester, will bring contempt and non-compliance. It is hard to argue with the need for an enormous simplification of state and local sales taxes that can pave the way toward a level playing field that does not discriminate between methods of access. Congress needs to ensure we in New Mexico can move toward a level playing field. It needs to make sure the federal government does not act in a way that permanently discriminates against our small businesses and retailers.

The most important reason I oppose this proposal is that it would substantially interfere with state sovereignty. The U.S. Constitution was very clear in both ensuring state sovereignty and creating a critical balance between federal and state authority.

For well over 200 years the federal government has respected state sovereignty and has been extremely careful not to interfere with the states' ability to independently raise revenues. This proposal would dramatically undercut this precedent.

It is hard to think of any more fundamental responsibility of governments and elected officials in our nation than that of determining which taxes and fees are utilized to pay for the services that our citizens want and need. It is my responsibility, working with our state legislature, to determine what taxes to cut in New Mexico—not anyone else's. Our state relies primarily on sales, property, and income taxes—all areas proposed for mandated federal cuts by the report. Such a proposal would intrude very deeply into the rights and responsibilities of our state and local governments.

Sincerely,

GARY E. JOHNSON,  
Governor.

STATE OF ALABAMA,  
OFFICE OF THE GOVERNOR,  
Montgomery, AL, April 11, 2000.

Hon. TRENT LOTT,  
Majority Leader, U.S. Senate, The Capitol,  
Washington, DC.

Hon. J. DENNIS HASTERT,  
Speaker of the House, House of Representatives,  
The Capitol, Washington, DC.

DEAR SENATOR LOTT AND SPEAKER HASTERT, I am writing to express my grave concerns regarding the Advisory Commission on Electronic Commerce (ACEC) proposal that was included in the Internet Tax Freedom Act (ITFA). I believe the proposal represents an attempt by the federal government to take control of fiscal policy away from the states, and I strongly urge you to reject the report.

As Governor, I have pursued responsible, conservative fiscal policies. In some instances, targeted tax cuts are an important part of this State's over financial plan. However, these are decisions that must rest with the State, and not with Congress. As you may know, any such measure would potentially infringe on this State's ability to support public schools. Therefore, I am unequivocally opposed to any attempt by the Federal government to interfere with the states' rights to collect sales taxes.

In addition, while I appreciate the policy challenges posed by the new global economy, I have concerns with Congress establishing a series of tax breaks for a few special interests. This is particularly true when doing so would undermine a more-than 200-year tradition old of respecting states' sovereignty. Again, I ask you not to advance any effort to take control from the states and send it to Washington.

Sincerely,

DON SIEGELMAN,  
Governor.

STATE CAPITOL BUILDING,  
Oklahoma City, OK, April 10, 2000.  
Hon. DENNIS HASTERT,  
Speaker of the House, House of Representatives,  
Washington, DC.

DEAR SPEAKER HASTERT: As you prepare to consider legislation concerning taxation of sales made on the Internet, I ask that you consider these important factors:

First, I believe it is important to extend the existing moratorium on taxation of Internet transactions to allow more debate and discussion of this vital issue. We are dealing with new technologies and new forms of commerce which are still being developed

and refined. The taxation moratorium has helped stimulate that early growth, and premature action by the federal government could represent a stifling influence.

Second, Congress should not pre-empt the states on this issue. Each state has its own unique tax structure. It would be a mistake to impose a "one size fits all" standard on 50 separate states and the District of Columbia. We currently do not have a national sales tax; sales taxes have traditionally been the province of state and local governments, and each has chosen its own path in this regard. To suddenly impose a new national standard would contradict our party's traditional adherence to the principle of federalism.

Third, no matter what form legislation ultimately takes, it must have as a central goal the creation and preservation of a level playing field. It would simply be unfair to establish a system where one state or one region or one industry has a special advantage.

Fourth, as you will recall from our visits during my chairmanship of the Republican Governors' Association last year, GOP governors (and some Democrats) have been most active in reducing state tax burdens and in reforming and restructuring state tax systems. In Oklahoma, for example, we have won the first reduction in personal income tax rates in 50 years and capped property taxes. State-level tax reform is a work in progress; we are planning further income tax reductions and cuts in the cost of vehicle license tags, and I know other governors are doing the same. In many cases, state and local sales taxes remain a central component of the respective budgets of those jurisdictions. It is essential that the states retain the freedom to set tax rates and policies concerning those revenue sources that fund state and local government.

I appreciate the leadership you have shown on this issue and ask that your future actions and deliberations be fully informed by the needs of the states and the requirement of fairness to all.

Sincerely,

FRANK KEATING,  
*Governor.*

Mr. Chairman, we have here a very important consideration: Are we doing too little too soon? And I think the answer is that we are.

It is important to focus, as we have not done in the Committee on the Judiciary, on how this bill affects the States that have Internet access taxes, such as Texas.

I find it interesting in Texas that, under Governor George W. Bush, there exists the largest Internet access tax in the country, estimated to raise \$200 million per year. This tax is supported by Governor Bush, who has not raised a finger yet to repeal it. And yet, today the majority would substitute their judgment in place of their own nominee by repealing the Texas tax on the Internet access.

So I am very deeply concerned that we have brought a bill to the floor that violates the unfunded mandate rule that was put in place by the very majority that brings this bill to the floor.

We do not know what the cost is going to be. We have a pledge that we will hold hearings to find out the answer to this very perplexing question sometime in the future. But today we

have a bill before us that is premature, a bill that does not consider fully the questions that it needs to consider, and a bill that is, therefore, ahead of its time.

Now, if we extend this moratorium through the year 2000, there is a risk that we may never get to the more important issues of State tax simplification. This undermines the principal purpose of the 1998 Internet tax legislation, which gave an advisory commission on electronic commerce the ability to consider how best to develop a more simple and rational system than exists at the present.

□ 1215

The commission threw up its hands, unable to reach consensus on this or any other related important issue. Although we do not support multiple discriminatory State taxes on the Internet, we are concerned that extending the present moratorium for 6, and if you count it completely, 7 years, would only serve to indefinitely delay the work on the real problem, an overly complex system of more than 6,500 local and State tax jurisdictions, and the potential of current law under the Quill decision to subject similarly-situated sellers to different tax collection regimes.

Mr. Chairman, I reserve the balance of my time.

Mr. GEKAS. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. COX).

Mr. COX. Mr. Chairman, I thank the gentleman from Pennsylvania (Mr. GEKAS) not just for yielding me this time, but also for the splendid work that he has done in bringing the legislation in timely fashion to the floor. As the author with Senator WYDEN of the original Internet Tax Freedom Act and also of this Internet Nondiscrimination Act, I am very pleased at the bipartisanship in this effort.

Senator WYDEN of course, our former colleague here in the House of Representatives, is a Democrat from Oregon. I am a Republican from California. President Clinton signed this legislation. We have been, Republicans and Democrats, working on this for a very long time with very good results. What we now find, having enacted a moratorium a few years ago, a timeout, as it were, on new taxes on the Internet, discriminatory taxes on the Internet or multiple taxation on Internet commerce, that we have nothing to fear from good policy.

Originally when Senator WYDEN and I introduced our bill, it was a permanent ban on taxes that would discriminate against the Internet, treat the Internet less favorably than Main Street, treat the Internet less favorably than brick-and-mortar enterprises. But in order to make sure that we were not short-changing State and local governments, we worked with them and fashioned a

moratorium for a short while so that we could see with empirical, real-world results whether this good policy, what we knew in the abstract was good policy, worked in the real world. Now the results are in.

In my home State of California, for the most recent month, sales taxes are up some 20 percent. As a matter of fact, brick-and-mortar sales at the shopping malls of America were up 8 percent. That is a much bigger base, by the way. There is a lot more retail through brick and mortar than there is over the Internet. In fact, there is a lot more catalog sales over the telephone than there are Internet sales these days.

But brick-and-mortar sales are way up in this new economy. Sales taxes are up in this new economy at all levels of government, not just in California, but across the Nation. The Federal Government, which does not impose any sales taxes on these transactions, is benefitting hugely from the growth in this new economy through an increase in income taxes and other kinds of revenue flows that are the natural result. When more people are working, people are more productive. That is what is going on in America right now.

So by adopting a policy of not killing the goose that is laying the golden eggs, adopting a policy of moderation in taxation, we have had some great successes. Remember why we did this in the first place. Not because we wanted in any way to crimp the ability of a State or a local government or even the Federal Government to collect taxes, but rather because there was a risk that the number of taxing jurisdictions in America, the sheer number of them, some 30,000, could, if they all laid claim to their modest piece of the Internet, drown the whole thing in a sea of red tape, paper compliance and, not least of all, revenue exactions.

And so we said no, this is not something that we want to see fall victim to the tyranny of the parochial. The new economy is something that we cherish, something that gives America a competitive advantage in the world, that is creating jobs as we have never seen them created before. So let us ensure that from a policy standpoint, we look at the Internet as what it is, not just State commerce, not just local commerce, but interstate commerce subject to the jurisdiction of the Congress under Article I, section 8 of our Constitution and, indeed, global commerce.

What we are doing now today is falling short of perfection, which would be to make permanent the ban on multiple taxes on the Internet or make permanent the ban on discriminatory taxes on the Internet, but we are doing the next best thing. Because this is a legislature and we have to compromise, we are extending this moratorium for 5 years. That is at least a minimum

amount of time to give people some certainty of how to plan. People can wake up tomorrow morning and know that there is not a government effort to shake down the Net.

It is important, I think, for us to recognize specifically how brick-and-mortar people are benefiting from this new Internet economy. First of all, many of them are starting out with their own e-commerce windows on the world, so a little company locked away in some rural area that could only serve a tiny community in a tiny market of customers a few years back now through the Internet has the world's cheapest ever means of reaching customers throughout their State, throughout the country and around the world, and we are seeing a great deal of that. As a result, as I said, taxes collected by government which depends on growth of this economy are up.

Mr. Chairman, I want to emphasize for my colleagues what has been pointed out in this debate before. The sales tax debate is a very important one, but it is not this bill. This bill keeps discriminatory and multiple taxes off the Internet. There is no justification for doing otherwise. Please vote yes on the legislation.

Mr. CONYERS. Mr. Chairman, I am pleased to yield the balance of my time to the gentleman from Massachusetts (Mr. DELAHUNT).

Mr. DELAHUNT. Mr. Chairman, let me be very clear. I, too, support the moratorium. In fact, I was one of the early cosponsors of the Cox-Wyden legislation, because it seemed to me essential that Congress provide sufficient breathing room to develop a more uniform, fair, efficient neutral system of taxation of transactions, whether it be on the Internet or whether it be out of a brick-and-mortar enterprise. And over the past 2 years, the States have made considerable headway in this effort. I see no reason why it should take them 5 more years to complete it. In fact, a 5-year extension will eliminate a major incentive for them to get the job done.

That is why the 5-year extension is opposed by the National Governors Association, the National Conference of State Legislatures, the Council on State Governments, the U.S. Conference of Mayors, the National League of Cities, the National Association of Counties, the E-fairness Coalition, and scores of other business organizations.

The gentleman from California referred to the bipartisan nature of the original moratorium bill. What I would suggest, too, is that there is a bipartisan concern about what we are about to do here today with a 5-year extension. It is clear that a 5-year extension is opposed by 36 governors, Republicans and Democrats alike, including Governor Leavitt of Utah, Governor Sundquist of Tennessee, Governor Thompson of Wisconsin, Governor Ryan of Il-

linois, Governor Engler of Michigan, Governor Ridge of Pennsylvania and Governor Taft of Ohio, all staunch Republicans, not a tax-and-spend liberal among them.

But they are opposed to the underlying bill, because they realize that a 5-year extension will accelerate the erosion of the sales tax and diminish the ability of the States to fund vital services. States that depend on the sales tax for as much of a third of their total revenue. They also understand that small businesses will suffer the longer the underlying issues are not addressed.

Mr. GEKAS. Mr. Chairman, I yield 1½ minutes to the gentleman from California (Mr. GARY MILLER).

Mr. GARY MILLER of California. Mr. Chairman, I rise in support of H.R. 3709, which will extend the moratorium on taxing the Internet. However, I must point out the irony of passing this measure while continuing the Federal excise tax on telephone service.

H.R. 3709 tells the States that they cannot tax access to the Internet, a measure which I thoroughly support. But in order to access the Internet, one must have a phone line. For the past 101 years since the Spanish American War, the Federal Government has levied an excise tax on this item. As we debate limiting States' ability to tax the Internet, we should also limit the Federal Government's ability. I feel that this Congress must take responsibility for the tax it has imposed on the phone services which impact the Internet. My colleague just talked about the problem called the digital divide, the disparity between those who can afford high technology innovation such as home Internet service and those who cannot.

By eliminating this unjust Federal excise tax on the telephone, Congress takes a step forward in decreasing this gap. Mr. Chairman, the Spanish American War is truly over. Should we not repeal the tax instituted to pay for it and make Internet access cheaper for everyone? I urge my colleagues to support the Internet Nondiscrimination Act and to take the next step by repealing the phone tax.

Mr. GEKAS. Mr. Chairman, I yield 1½ minutes to the gentleman from New York (Mr. LAZIO).

Mr. LAZIO. Mr. Chairman, I want to thank the gentleman from Pennsylvania for yielding me this time.

Mr. Chairman, I rise in support of H.R. 3709. Mr. Chairman, this is an age of unparalleled discovery, an age in which the boundaries of human knowledge are expanding at breakneck speed. Mr. Chairman, the high tech revolution that both propels and dominates this global economy is advancing so quickly that no one, no one, really knows where this wave of innovation is taking us. No one really knows how tomorrow's technology will improve our quality of life.

Mr. Chairman, no one imposed a ship tax on Ferdinand Magellan when he left Spain to sail around the world. No one put a mule tax on Lewis and Clark when they left St. Louis to explore the American west. Why on earth would we want to impose a tax on an evolving communications medium that is reshaping our world and transforming our daily lives? Why would we want to impose a tax burden that might stifle the next wave of high tech innovation? Why would we want to inhibit the very revolution that has allowed students to learn from professors half a world away? Why would we want to smother a technology that has enabled doctors to save countless lives by engaging in consultations in other continents?

Mr. Chairman, we do not know what life-enhancing fruits this high tech revolution will reap for humanity. We do not know where the high-tech roller coaster will be taking us next. All we can do is hang on and enjoy this fabulous ride. All we can do is to not place unnecessary obstacles in its path. Mr. Chairman, no taxation without knowing the destination. Let us not smother the World Wide Web. Let us extend the moratorium on Internet taxation.

Mr. GEKAS. Mr. Chairman, I yield myself such time as I may consume.

I want to capsule some of the arguments that have been made to the effect that this piece of legislation does not affect the rights of the States to impose or to deal with sales taxes. That is a truth that must be said, stated over and over again, or else we will be led astray in the points that are going to be made during the amendment process and in the final vote on this legislation. This creates a 5-year moratorium as recommended by the very commission which our first act in the last Congress promoted, and which was the core of that piece of legislation.

So, no adverse impact on sales taxes, and the 5 years are what has been carved out by the people who delved into it through the work of the commission. These truths are self-evident, and I hope will constitute the basis for a final vote in favor of this legislation.

Mr. BACA. Mr. Chairman, I regret that a White House meeting on providing a prescription drug benefit for America's seniors prevented me from voting on the point of order to H.R. 3709, the Internet Nondiscrimination Act (rollcall number 154).

If I had not been meeting with the President, I would have voted against the point of order.

While I share the concern of the gentleman from Michigan about the impact of mandates on state and local governments, this is too important a bill to cut off debate.

The American people have demanded that we roll up our shirt sleeves and solve this issue. I have heard from hundreds of my constituents, who are concerned about the possibility that we will tax this new technology to the point where it is no longer viable.

I see science and the Internet as the key to the future of America and the Inland Empire.

We must allow Internet companies to flourish. In fact, I invite Internet-based industries to come to the Inland Empire, where we will create 15,000 new jobs through the LAMBRA enterprise zone legislation I authored. We have entered a new era of prosperity and unlimited possibilities for our children. We have a great future if we encourage Internet-based companies through bills such as H.R. 3709.

Mr. MOORE. Mr. Chairman, I rise today in opposition to H.R. 3709, the Internet Non-discrimination Act, which would impose a new five year moratorium on the ability of our state and local governments to collect sales taxes on commercial Internet transactions. Instead, I will be supporting the Istock amendment, which will limit this new moratorium to two years.

The growth of e-commerce has presented policy makers with a host of complex new issues over the last few years. One of the largest challenges, however, is not a new issue, but an age-old problem—taxation.

Some argue that online retail transactions should remain exempt from tax collections due to problems with defining points-of-sale in the cyber marketplace. Additionally, opponents of taxing Internet sales argue that requiring taxation will stifle growth, creativity, and innovation in this new industry. On the other hand, state and local officials view the Internet as a tide that will erode local and regional tax bases with devastating consequences to traditional brick-and-mortar retailers as well as critical state and local government functions.

To come to grips with this problem and these competing points-of-view, in 1998, Congress passed the Internet Tax Freedom Act that prohibited any new state, local, or federal taxes on electronic commerce until October 2001. In addition, it created a 19-member Advisory Commission on Electronic Commerce to study the Internet taxation issue and report its recommendations to Congress.

The Advisory Commission issued no recommendations, because of a lack of consensus on this issue. But, despite this fact, Congress is set today to vote on a bill that would extend the current moratorium for an additional five years, even though the current moratorium does not expire until October 1, 2001—a full 17 months from now. Congress should take this 17 month opportunity to hold public hearings on this issue, rather than rushing to the floor a contentious and politically motivated bill that pits traditional business against e-business.

While almost everyone agrees that there should be no new taxes or fees on Internet services or access, there is little consensus on allowing state and local governments to collect sales taxes on remote electronic commerce transactions.

The distinction between these two forms of taxation is subtle, but critical. Taxing Internet services and access would surely stifle the growth and innovation of this emerging industry. Taxing remote sales transactions, however, will not restrict this growth; rather it will ensure that all business entities—whether located on Main Street or Cyber Street—will be able to equitably and fairly compete.

Moreover, allowing state and local governments to collect sales taxes on remote transactions will ensure that critical state and local

services such as education and public safety will continue to be adequately funded and controlled at the state and local level where they belong.

Mr. Chairman, this is why 34 of our nation's governors, Republican and Democrat, including Governor Bill Graves of Kansas, oppose extending this moratorium. As well, almost every municipal and county government in my district has passed resolutions opposing legislation like H.R. 3709 that erode their taxing authority. I have included one such resolution for the RECORD.

I am supporting the Istock amendment that provides a two year extension of the moratorium because I believe that Congress, our states and our municipalities need time to develop a fair, simple and equitable system that is guided by the following principles:

**Fairness:** Any solution should apply not only to Internet transactions, but to all remote transactions so as not to unfairly discriminate against e-commerce transactions. But we must also recognize that not taxing remote transactions, including e-commerce, unfairly discriminates against traditional face-to-face transactions.

**Simplicity:** The solution should not be difficult for the digital economy to apply or for local and state governments to administer.

**Limited Scope:** Sales should be taxed in order to provide a level of fairness to traditional brick-and-mortar businesses, but the use of the Internet itself should not. In other words, Congress should not tax data transmission, network services, or anything else that would amount to a tax on the medium itself.

Mr. Chairman, the advent of e-commerce should not be viewed as either a threat or potential windfall for state and local governments. Assessing taxes on Internet sales should, all else being equal, have no effect on state and local tax revenue. What is lost as a result of decreasing face-to-face sales should be offset by gains from increasing online sales.

Indeed, as a matter of fairness and fiscal responsibility, remote sales should not be beyond the scope of state and local tax jurisdictions. Further, those state and local jurisdictions should not have to cede their independent authority to a federally mandated flat sales tax system. The ultimate solution should use the same tools that enable e-commerce to construct an easy-to-use mechanism for businesses, consumers, and governments alike to operate in the digital economy—a software based solution that is able to identify and levy the appropriate level of sales tax based on the location of the buyer. This is a solution that is fair, simple, and limited in scope.

*February 28, 2000.*

Hon. DENNIS MOORE,  
U.S. Representative, 3rd Congressional District,  
Washington, DC.

Re: Issue of Sales Tax on Internet Commerce: "Making Commerce Fair," Resolution No. 2000-17.

DEAR CONGRESSMAN MOORE: We are writing to voice our concern about the issue of sales tax on Internet commerce. Please find enclosed the City of Lenexa's Resolution regarding this issue. This matter is of vital concern to Kansas cities. The existing moratorium greatly impacts the State of Kansas,

our cities, and our counties, causing a loss in sales tax revenues.

The inequity in price experienced by our Lenexa brick and mortar established merchants caused by requiring them to collect taxes on the sales of goods while not requiring the collection of taxes on the sale of goods sold via internet, mail order or phone is of grave concern to our city. This practice creates a competitive disadvantage and unequal treatment between our local merchants and those who sell from electronic stores. We must protect our merchants from this unfair and unacceptable practice.

We must preserve the right of state and local governments to establish and collect legally due sales and use taxes on goods and services sold, and act to protect state and local taxing authority over all remote sales. We encourage your understanding of the importance of this issue to the City of Lenexa, Johnson County, and the State of Kansas.

Sincerely,

JOAN BOWMAN,  
Mayor, City of Lenexa.

RESOLUTION No. 2000-17  
MAKING COMMERCE FAIR

Whereas, the use of new electronic technologies, including the Internet, as a way to conduct sales of goods and services is accelerating; and

Whereas, out-of-state sales of goods conducted via the Internet, mail order and phone, under many circumstances, are not subject to existing sales and use taxes imposed by the states and local governments in which the purchaser of such goods resides; and

Whereas, the inequity in price experienced by not requiring the collection of taxes on the sale of such goods, creates a competitive disadvantage and unequal treatment between merchants who sell from brick and mortar establishments and those who sell from electronic stores; and

Whereas, this migration of sales and the resulting erosion of tax revenues will restrict the ability of local governments, schools, and states to collect taxes which finance essential public services including but not limited to police, fire, emergency medical service, and education; and

Whereas, out-of-state sales have an adverse impact on local infrastructure and on the continued survival of retail businesses in our cities; and

Whereas, municipal governments have long expressed concern about the loss of municipal revenue due to out-of-state sales (originally via mail order); and

Whereas, these out-of-state sales are freely made as a voluntary business decision to expand or establish business electronically or from remote locations; and

Whereas, 99% of the goods and services purchased over the Internet are bought using electronic money transfers, as exemplified by the use of credit cards, which pre-establishes the ability to identify and collect taxes in non-discriminatory and efficient ways; and

Whereas, the primary barrier to creating a non-discriminatory collection requirement is the Supreme Court's judgment that only Congress should determine a collection requirement that would not unduly burden interstate commerce; and

Whereas, the National League of Cities, in partnership with the six national organizations representing state and local governments, has adopted a joint statement of principles for making electronic commerce fair which calls for:

1. Equal treatment of all sales transactions whether that transaction is done in person,

on the telephone, by mail, or on the Internet;

2. A federal law authorizing state and local governments to require out-of-state sales to be subject to the collection and remittance of sales and use taxes;

3. Protection from federal preemption of state and local authority to determine their own tax policies;

4. Cooperative efforts to simplify state and local sales and use tax systems and the compliance burdens those systems place on out-of-state sales; and

Whereas, the federal government has created the Advisory Commission on Electronic Commerce to examine these issues; Now therefore be it

*Resolved by the governing body of the city of Lenexa, Kansas:*

Section One: The City of Lenexa, Kansas, a municipal corporation, does hereby urge the Advisory Commission on Electronic Commerce to recommend that Congress enact and the President sign legislation authorizing state and local governments to establish and collect legally due sales and use taxes on goods and services sold, through any transaction medium, regardless of the actual purchaser's state, and requires states to distribute tax revenues to cities or other units of local government pursuant to precedent and applicable state law.

Section Two: The City of Lenexa, Kansas encourages the Kansas Congressional Delegation to act to protect state and local taxing authority over all remote sales including goods sold via the Internet, mail order, and phone.

Section Three: This resolution shall become effective upon passage by the Governing Body.

Passed by the Governing Body this fifteenth day of February, 2000.

Mr. POMEROY. Mr. Chairman, I am voting for this bill because I believe the American public deserves unfettered and untaxed access to the Internet—perhaps the most significant technological innovation impacting our way of life in decades. I firmly believe that Internet access must remain open to everyone. We cannot place roadblocks in the path of those eager to join this new and exciting world.

The Internet is not simply a source of entertainment or a virtual shopping mall. Today, people use this valuable tool to access a variety of information, ranging from which car to buy to reading weather and news reports to researching job opportunities or accessing college applications. The possibilities are limitless. The Internet has provided states such as North Dakota an unprecedented opportunity to overcome the traditional geographic disadvantages. We cannot stifle the growth of this fast moving virtual world.

Unfortunately, the Commission formed to address the important issue of Internet taxation failed to develop a comprehensive plan to address this matter. The bill before us does not interfere with the ability of states to collect taxes on purchases made over the Internet. Instead it is aimed at ensuring that Internet Service providers, such as AOL, do not pass additional tax burdens onto Internet users. However, we must address the taxation of items purchased on the Internet. We cannot allow our main street shops to operate at a competitive disadvantage to Internet sales. As the Internet continues to flourish, Congress must look at these issues and take careful, appropriate action to level the playing field.

Again Mr. Chairman, I believe that all Americans should have open access to the Internet, and for that reason, I rise in support of this legislation.

Ms. DEGETTE. Mr. Chairman, today I voted for H.R. 3709, the Internet Nondiscrimination Act because I believe that it is important to move this legislation forward so that Congress stays focused on the vital issue of taxation of the Internet. I supported an amendment that would have extended the moratorium for an additional two years. I believe this would have provided the needed amount of time for use to find a balance between protecting the Internet from any new discriminatory taxes and preserving the ability of states and localities to collect sales and use taxes.

Unfortunately, the two-year extension amendment failed and I therefore voted for final passage as a means of moving this legislation forward with the expectation that a compromise will be worked out between the House and the Senate to adequately address this issue.

It is important to protect the integrity of the Internet from multiple and potential discriminatory taxes. It is equally important that this be done without inhibiting the ability of states to collect the taxes they have always collected. The Internet Nondiscrimination Act does nothing to inhibit the collection of these taxes, but it also does nothing to resolve the issue of how states can continue to collect state use and use taxes as more and more people shop via the Internet.

I believe we can foster the booming technology and telecommunications industries across the country without harming our states. Congress needs to work closely with state government and the technology industry to develop a good policy that promotes growth in the technology industry without hurting local businesses across this country. We need to pursue a policy that creates a level playing field and ensures fair taxation across the board. I believe this can be done and I will work towards this end until we can come to a satisfactory resolution of this issue.

I believe the passage of this legislation is an important step in an ongoing process that will eventually produce a bill that reflects the concerns of all interested parties.

Mr. LIPINSKI. Mr. Chairman, I rise today to express my dismay that H.R. 3709 has been brought to the floor without ample time to discuss the important issue of the Internet taxation moratorium and its effects. There were no hearings held, nor time allotted for retailers, states, cities and counties to speak out on the issue. Clearly, we could have utilized the eighteen months before the October 21st, 2001 moratorium expiration for meaningful discussions on the issue.

The spirit behind the Internet Tax Freedom Act was to allow the Internet to flourish, while examining an approach to Internet sales. Adding five years to the current moratorium is not a step towards finding a permanent solution. We must work towards a solution that everyone can work with now, not three years from now, nor five years from now. If we wait, many of our country's "brick and mortar" businesses may likely be wiped out by the E-commerce that can sell for less and avoid collecting taxes. This is not fair competition.

We cannot ignore the effects that H.R. 3709 would have on our states' and localities' tax base. According to a University of Tennessee study, the revenue lost by 2003 is projected to be \$20 billion per year. This is the revenue that we rely on for state and local services, as well as for education. How can the Internet and high-tech industry continue to flourish without educating our children, the future of America?

We need to find a long-term resolution to this important issue, not avoid dealing with it for nearly six years. For this reason, I will be voting against H.R. 3709 and its amendments.

Mr. STARK. Mr. Chairman, today we have before us a bill that extends the current "Internet Tax Freedom Act" moratorium on certain Internet-related state sales and use taxes. While I do respect the need to foster growth and innovation on the Internet and for technology in general, I do not believe that this bill does so in a responsible way.

The current moratorium expires in October 2001. This gives Congress over 17 months to come up with a plan to address Internet taxation. We do not need until 2006 to come up with a viable solution to Internet taxation. This gives Congress too much time to sit on its hands and place blame when a solution should be reached much sooner.

Currently, Internet merchants are not required to collect state sales and use taxes unless they have a presence in the state. This does not statutorily relieve the purchaser from remitting the state sales and use taxes due from Internet purchases. However, in reality this is not the case when there is no enforcement mechanism.

Clearly, Internet commerce has an advantage over traditional commerce if consumers are able to circumvent paying taxes on Internet purchases. Not only does this set up an unfair system for traditional commerce for having to collect the state and local taxes, thus ultimately costing the consumer more, but it also prevents state and local communities from capturing the taxes they would otherwise receive. Today's bill will hamper a state's ability to effectively tax Internet purchases, thus eroding a state's source of funding for education, health and other vital services.

Congress should not implement a tax advantage for one method of commerce over another for five years. Instead, we should figure out how to level the playing field while encouraging innovation today. For these reasons, I oppose H.R. 3709 and urge my colleagues to do the same.

Mr. BENTSEN. Mr. Chairman, I am in opposition to H.R. 3709, the "Internet Nondiscrimination Act," which extends the existing moratorium on state and local taxation of Internet access and commerce by five years and repeals the grandfather clause for existing state laws related to Internet taxation. Let me be clear, I am not advocating federal taxation of the Internet. I support a reasonable extension of the moratorium. But, I also support upholding state's rights under the 10th Amendment and ensuring equity for businesses, small as well as large.

H.R. 3709 would establish a five-year moratorium on all state and local taxes on Internet access and commerce. While this bill assumes that states would still be free to tax transactions under the U.S. Supreme Court's 1992

decision in *Quill Corp. v. Heitkamp*, 504 U.S. 298 (1992), the *Quill* decision only provides for the collection of sales taxes by states when companies meet the “nexus” test for transactions within the geographic borders of the consumer’s state. Though not explicitly acknowledged, proponents of H.R. 3709 appear to be seeking an eventual ban of Internet sales taxes. Now, of course, all of us would like to see less taxes, including with respect to Internet sales. At the same time, however, as internet sales rise as a share of the national economy, state and local governments will find their tax based substantially eroded and their ability to fund such essential functions as schools and public safety jeopardized. Furthermore, businesses which conduct sales from physical locations in a state or local jurisdiction will find themselves at a competitive disadvantage. That creates a commercial inequity, a really ignored by H.R. 3709.

This bill should not be construed as simply an extension of the initial year moratorium and the Advisory Commission on Electronic Commerce that was adopted in 1998 with my support. Rather, H.R. 3709, by extending the moratorium by five years with no resolution by the Commission, simply postpones confronting and resolving the issue at hand. How can Congress and state and local governments best address both commercial equity between Internet sellers and “bricks and mortar” retailers as well as state and local government financial structures. This bill is an abdication on the part of Congress at the expense of others. The better approach would be to adopt the amendment offered by Mr. DELAHUNT to extend the moratorium by only two years and proceeding toward resolution of the broad issues. I strongly support this approach and I cannot support H.R. 3709, a blanket five-year moratorium.

The fiscally prudent course would be to analyze the effect the moratorium has on states’ ability to collect revenue and the degree to which traditional merchants are placed at a competitive disadvantage, as more commerce shifts to the Internet. H.R. 3709 does not address the complicated issues of how and when states might be able to collect sales taxes on Internet commerce. An outright ban on taxation of Internet sales could very well force states such as Texas, which rely heavily on sales and property taxes, to impose a personal income tax in order to make up new shortfalls, as Internet sales increase. I oppose an income tax for Texas and I particularly oppose the Congress imposing such a tax on Texans, a foreseeable unintended consequence of this bill.

I am dismayed that my Republican colleagues have rushed H.R. 3709 through the legislative process without proper public hearings to determine the impact such legislation would have on “brick and mortar” retailers and the future revenues of state and local governments. With the current moratorium in effect until October 2001, the timing of this vote is suspect. Clearly this is a transparent attempt by Republicans to score political points with the high-tech industry at the expense of state and local governments, taxpayers, our public schools and small businesses on Main Street, America.

H.R. 3709 also impose financial restrictions on the State of Texas by eliminating the

grandfather clause in the Internet Tax Freedom Act (ITFA) bestowed on those states which have already promulgated taxes on Internet access. Passage of H.R. 3709 would result in a shortfall to the State of Texas well in excess of \$50 million. Here again, the Delahunt amendment is the better course of action in that it preserves the grandfather clause. Therefore, Mr. Chairman, without the Delahunt amendment, I must oppose H.R. 3709.

Mr. GOSS. Mr. Chairman, I strongly support this modified open rule, which will ensure Members an opportunity to openly and fairly debate H.R. 3907. This bill extends the current moratorium on Internet taxes for five years—as recommended by the Independent Advisory Commission on Electronic Commerce. The creation of the Internet has revolutionized communication around the globe and has had a tremendous impact on our daily lives. One of the reasons the Internet has flourished is that the majority in Congress has worked hard to restrain eager regulators, bureaucrats and tax collectors from unnecessary interference in the Internet. There are areas for appropriate government action—child pornography and the like—but, by and large, the appropriate course of action is to let the Internet continue to grow without undue government regulation or intrusion.

I am pleased that this bill continues to strike a commonsense balance. Given the lack of consensus on how to deal with imposing sales taxes on commercial transactions over the Internet, H.R. 3709 wisely continues the moratorium on this activity. In addition, the bill continues and strengthens the prohibition on Internet access taxes. Opposition to Internet access charges has been one of the top issues in my mail bag for some time now. Congress must continue to stand firm on this issue, protecting consumers and ensuring the continued growth of the Internet. I want to extend my appreciation to the Judiciary Committee and the leadership for moving expeditiously on this bill. I encourage my colleagues to support both this fair and open rule and H.R. 3709.

Ms. DUNN. Mr. Chairman, the proliferation of the Internet has been the most liberating force in American life in recent history. It has spawned a whole new vocabulary, created a forum for social interaction and education, and brought unprecedented productivity to the workplace. Most importantly, it levels the American playing field. It makes it possible for the poor and underprivileged to gain access to educational materials once found only in the new schools of affluent suburbs. It also makes it possible for today’s woman to make her mark in the business world while balancing the rigorous demands of work and family. The Internet is the essence of freedom and must maintain this feeling of uninhibited access.

With the development of such a powerful social and business tool, however, come many challenges and temptations. The most pressing challenge before us now is how to conform a decades-old tax system based on geographic boundaries to a new world for which there is an unlimited capacity for exploration. The biggest temptation will be to find a quick solution to the potential loss of local government revenue due to E-commerce. These are serious issues with which we must deal with

great deliberation. We cannot afford either to create barriers to Internet access through new taxation or to pretend that the increasing rate of E-commerce will not negatively impact money to support local schools, police, and parks. For this reason, I supported the Internet Non-Discrimination Act to extend the current Internet tax moratorium for another five years, and I call on all parties to begin a vigorous debate that will bridge the divide between the need to keep the Internet free of new barriers and the legitimate concern of local governments that rely on sales for basic services.

This is a complex provision, and there has been some public misperception about the current moratorium and what an extension means. The moratorium has three main components: one that deals with Internet access and two that deal with E-commerce. First, it prohibits the implementation of a tax on Internet access. As I have previously stated, access to the Internet has revolutionized the lives of millions of Americans. We cannot allow barriers to be erected that will make it harder for families living on the edge of poverty to have access to this powerful tool. Second, it prohibits the collection of “discriminatory” taxes on the Internet. If there is a product that is sold at the corner grocery store without a sales tax, it should not be taxed if purchased over the Internet. Third, it prohibits “multiple” taxes. If an individual purchases a good from another state, that good should not be taxed by both states. All of these measures have allowed people to enjoy the unfettered freedom of the Internet while helping to create millions of new jobs.

It is equally important to understand what the moratorium does not do. Neither the original Internet moratorium nor the extension passed today in the House affects the ability of states to levy sales taxes on Internet purchases. As stated above, the moratorium bars only multiple and discriminatory taxes, and taxes on Internet access. The current rules governing the ability of states and local governments to collect sales tax or taxes on remote sales were set by the U.S. Supreme Court in 1992. The moratorium and its extension leaves these rules untouched. Nevertheless, the explosion of Internet traffic since this ruling has already made many of its guidelines problematic for state and local governments.

This new world without borders must be redefined in order to provide local governments the ability to protect funding for key government services. Local governments must also participate in a discussion about streamlining the tax systems in the over 6,000 different tax jurisdictions throughout the country. They cannot simply expect that companies—wherever they are or whatever their size—will dedicate the untold amount of resources necessary to duplicate all of these tax systems, figure out how much tax to charge a given item, and then remit that tax to the particular government. Through streamlining these tax systems and providing some degree of uniformity, companies will be much more willing to partner with state and local governments.

The Internet is changing the fundamental structure of our society and we are well served to change with it. Resisting its benefits or trying to mold it to reflect our byzantine government systems will only limit its full potential. As we work to ensure that the Internet

will be unencumbered by new barriers, let us join together to create an environment in which E-commerce and local communities can flourish together.

Mr. UDALL of Colorado. Mr. Chairman, I am in support of H.R. 3709, the Internet Nondiscrimination Act.

The bill we're voting on today addresses two main questions. One has to do with taxing Internet services. A consensus seems to be forming—among a majority of the members of the Advisory Commission on Electronic Commerce and many others—that there should be no new tariffs or taxes on Internet services. I agree. H.R. 3709 would prohibit such taxes for 5 years, an important step to reduce the price of and thus eliminate barriers to Internet access.

The other question—whether or not State government should be allowed to collect sales taxes on e-commerce transactions made between residents and companies residing in other states—is more problematic.

We hear it argued both ways. Supporters of a permanent moratorium say, for instance, that the imposition of any new taxes would likely result in the lowering of tax revenues from other sources because of the deadening effect such taxes would have on overall economic growth. Opponents of an indefinite extension point out that the more we deprive states and localities of revenues from sales taxes—which are often the primary source of revenue to fund education—the more we risk neglecting the very students who we hope will fill jobs in the high-tech economy in the future.

I do share some of the concerns voiced by many Governors and State legislatures. I am concerned that an extended moratorium might indirectly weaken state and local funding that provides our communities with essential public services such as education, law enforcement and transportation. So I am concerned that an extension of 5 years may be too long because the definition of "Internet access" may change so much in the next half decades that the provisions in this bill may no longer fit an evolving economic context.

It is clear that traditional businesses are disadvantaged by sales over the Internet. But it is also clear that many young, small e-commerce businesses could suffer if they are forced to negotiate the maze of more than 7,000 State and local taxes.

An industry still in its infancy must be handled with care. But at some point, the gloves must come off. What we're doing today is deciding to put off this decision for another 5 years. I believe that we're not prepared to agree on how and when the gloves should come off, and that's why I support this bill, although I think it would be better if the extension were shorter. But I do believe we must use the years ahead productively to seek ways to streamline and simplify sales tax systems, a task that many states—including Colorado—are already undertaking.

Mr. Chairman, we are living in a new era. A unique constellation of circumstances—a burgeoning technology sector, low unemployment, and low interest rates—has given way to the longest peacetime period of economic expansion this country has ever known. We need to ensure that we don't do anything hastily that will derail this revolution. At the same

time, we mustn't ignore the people and businesses that for years have sustained our communities.

Mr. COOK. Mr. Chairman, I am in support of H.R. 3709, the Internet Nondiscrimination Act. A few short years ago, no one other than academics had ever heard of the Internet. Today, it has become an integral part of everyday life. The information that is now available through the click of a mouse is mind-boggling. With this new information has come a new form of economic growth, e-commerce. You can buy almost anything on the Internet, from cars, to groceries, airline tickets to antiques. The explosion of new business starts, online banking, and e-trade has been fueling the economic prosperity we have been enjoying the last few years.

The Internet has removed barriers to entry for thousands of small businesses, particularly women and minorities. It has created millions of high paying e-jobs and has allowed consumers to find the highest quality product at the lowest cost. In 1999, the Internet was the second largest industry in the U.S., producing \$507 billion in revenue and created 2.3 million new jobs. Imposing discriminatory taxes on the Internet, would stifle this industry and destroy the very engine that is driving our economy.

I understand the concerns of state and local governments. They are only looking at the money they are supposedly losing in revenue. But, they are not looking at the revenue they have gained through a strong economy. States are in their best financial position in decades because of the strong economy and the decrease in demand for social services. In a time of record budget surpluses and strong economic growth, state governments do not need more power to tax online transactions and Internet access. Local governments do need funds to provide services like fire, police and ambulance coverage. But they need to be given a greater share of the state's sales tax revenues and not have to rely on new Internet taxation.

In a booming economy there is no reason to impose deterrents for new e-business that will ultimately hit consumers. There is no need to charge consumers for accessing the Internet. Today's bill would place a 5-year moratorium on taxing this new industry. I think the moratorium should be permanent. I urge my colleagues to support this legislation and keep the Internet free of discriminatory taxation.

Ms. BALDWIN. Mr. Chairman, I am in opposition to H.R. 3709, the Internet Nondiscrimination Act. This legislation extends the moratorium on State and local internet access taxes as well as on so-called "multiple and discriminatory taxes" imposed on internet transactions, subject to a grandfather on taxes of this nature imposed prior to 1998.

I believe the current moratorium is good public policy. Internet commerce is an infant industry with huge potential growth and benefits. With numerous taxing jurisdictions, the practicalities of taxation of internet sales require extensive study and careful consideration. We need to ensure that internet commerce is not unduly burdened by the complexities of local taxing jurisdictions. Thus, the current moratorium, which does not expire until October 21, 2001, provides an appropriate period in which to examine this issue carefully.

I am concerned, however, about a 5-year extension of the moratorium until 2006. The current disparate tax treatment between traditional "bricks and mortar" retailers and remote sellers has the potential to significantly harm existing retailers. Internet business ultimately should be competing with traditional businesses on an equal footing. An extended moratorium provides an advantage to internet commerce by, in effect, exempting those companies from sales and other state and local taxes. This advantage should not continue indefinitely.

I am also concerned about the impact on state and local government revenues. Sales taxes are a significant source of revenue for many state and local governments. As internet sales expand at the expense of traditional retail sales, there could be significant revenue reductions to States. Congress should not simply create this problem for the States and then leave them to solve it. States collect more than 49 percent of their revenue from sales taxes, according to the Census Bureau. I fear this legislation could have a damaging impact on critical service such as police and safety, health, and education. Congress needs to work with the states to address this important issue.

Let me be clear. I do not support discriminatory taxes on internet access. E-commerce should be treated in the same manner as traditional sales and services.

Continuation of the internet tax moratorium beyond October 2001 is appropriate. I supported the Delahunt/Thune Amendment which would have extended the moratorium for an additional two years until October 2003. I believe that a two year extension is far wiser public policy than a five year extension or a permanent ban. I wish the House had seen fit to amend the bill with a two year limit. By 2003, the States could build on the very serious steps they have already taken to reform and simplify their tax laws. Congress could then consider whether we should approve any interstate compact that addresses the simplification issue. If the States were not making any progress by 2003, it would be a simple matter to extend the moratorium for an additional period of time.

Mr. Chairman, I do not believe a five year moratorium is sound public policy. I urge my colleagues to defeat this legislation. The next Congress will have ample time to extend the current moratorium for 2 additional years.

Mr. CALVERT. Mr. Chairman, I strongly support H.R. 3709, the Internet Non-Discrimination Act. Why? Quite simply, an unhindered Internet has brought the benefits of knowledge, trade and communications to more people in more ways than ever before.

H.R. 3709 is not about sales taxes on Internet purchases. The bill in no way stops or restricts states or cities from taxing sales over the Internet. In fact, current rules governing state or local governments' ability to collect regular sales or use taxes on remote sales were set by the U.S. Supreme Court. H.R. 3709 leaves these rules untouched.

Instead H.R. 3709 stops new taxes that specifically target Internet access and sales. The bill extends for five years the current Internet tax moratorium, enacted in 1998. The existing moratorium outlaws taxes on Internet

access, the double-taxation of a product or service bought over the Internet and discriminatory taxes that treat Internet purchases differently from other types of sales. The bill also ensures that the moratorium on Internet access taxes is equally enforced in all 50 states, for those who rushed to tax Internet access thinking that they could avoid the federal law.

Mr. Chairman, I encourage my colleagues on both sides of the aisle to support the Internet Non-Discrimination Act. The Internet should not become subject to special, multiple or discriminatory taxes.

Mr. WOLF. Mr. Chairman, I support H.R. 3709, a bill which extends the current moratorium on taxes on Internet access and taxes which apply only to e-commerce.

It is no secret that the success of high technology and the rapid growth of electronic commerce are key elements of our nation's unprecedented recent prosperity. Additionally, the Internet has enabled people around the country to have access to information and services which were difficult—if not impossible—for them to obtain prior to the high tech revolution.

I'm proud to represent Northern Virginia and the high-technology community that dots the landscape along the Dulles corridor and I-66. And I'm proud that we can boast that the place we call home is also the home of the Internet. Our high-tech corridor just isn't an important part of our regional prosperity. It's a critical part of the nation's prosperity. The high tech industry's growth and job creation have been key to our region's and America's booming economy. We must keep the economy growing, keep the good paying jobs, and maintain our economic prosperity. I believe H.R. 3709 is a key element in meeting these goals.

Mr. GEKAS. Mr. Chairman, I yield back the balance of my time.

□ 1230

The CHAIRMAN pro tempore (Mr. NETHERCUTT). All time for general debate has expired.

Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule for 2 hours. The committee amendment in the nature of a substitute printed in the bill is considered as an original bill for the purpose of amendment and is considered read.

The text of the committee amendment in the nature of a substitute is as follows:

H.R. 3709

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

*This Act may be cited as the "Internet Non-discrimination Act of 2000".*

**SEC. 2. 5-YEAR EXTENSION OF MORATORIUM ON STATE AND LOCAL TAXES ON THE INTERNET.**

*(a) EXTENSION OF MORATORIUM.—Section 1101 of title XI of division C of Public Law 105-277 (112 Stat. 2681-719; 47 U.S.C. 151 note) is amended—*

*(1) in subsection (a)—*

*(A) by striking "3 years after the date of the enactment of this Act" and inserting "October 21, 2006"; and*

*(B) in paragraph (1) by striking " , unless" and all that follows through "1998",*

*(2) by striking subsection (d), and*

*(3) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.*

*(b) TECHNICAL AMENDMENT.—Section 1104(10) of title XI of division C of Public Law 105-277 (112 Stat. 2681-719; 47 U.S.C. 151 note) is amended by striking "unless" and all that follows through "1998".*

**SEC. 3. APPLICATION OF AMENDMENTS.**

*The amendments made by this Act shall not apply with respect to conduct occurring before the date of the enactment of this Act.*

The CHAIRMAN pro tempore. During consideration of the bill for amendment, the Chair may accord priority and recognition to a Member offering an amendment that he has printed in the designated place in the CONGRESSIONAL RECORD. Those amendments will be considered read.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

Are there any amendments to the bill?

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. BACHUS

Mr. BACHUS. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. BACHUS:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Interstate Sales and Use Tax Compact Act of 2000".

**SEC. 2. FINDINGS.**

The Congress finds that—

(1) the moratorium of the Internet Tax Freedom Act on new taxes on Internet access and on multiple and discriminatory taxes on electronic commerce should be extended;

(2) States should be encouraged to simplify their sales and use tax systems;

(3) as a matter of economic policy and basic fairness, similar sales transactions should be treated equitably, without regard to the manner in which the sales are transacted, whether in person, through the mails, over the telephone, on the Internet, or by other means;

(4) Congress may facilitate such equitable taxation consistent with the Supreme Court's decision in *Quill Corp. v. North Dakota*, 502 U.S. 808 (1992), which based its decision not to extend States' collection powers in significant part on its view that Congress has, by virtue of its constitutional power to regulate interstate commerce, the ability to authorize States to require out-of-State sellers to collect taxes on sales to in-State residents;

(5) States that adequately simplify their tax systems should be authorized to correct the present inequities in taxation by requiring sellers to collect taxes on sales of goods or services delivered in-State, without regard to the location of the seller or to the means by which the good or service is sold;

(6) the States have experience, expertise, and a vital interest in the collection of sales

and use taxes, and thus should take the lead in developing and implementing sales and use tax collection systems that are fair, efficient, and nondiscriminatory in their application;

(7) States, by their own initiative, have formed the Streamlined Sales Tax System Project, a cooperative effort with local governments to radically simplify the sales and use tax system by bringing uniformity to tax bases, definitions, and administration, by simplifying the tax rate structure and administration, and by incorporating stringent privacy controls and technology into the collection process to preserve the basic tenets of consumer privacy, and that such project should be allowed to proceed without intervention by Congress; and

(8) online consumer privacy is of paramount importance to the growth of electronic commerce and must be protected.

**SEC. 3. EXTENSION OF INTERNET TAX FREEDOM ACT MORATORIUM THROUGH 2006.**

Section 1101(a) of the Internet Tax Freedom Act (112 Stat. 2681-719; 47 U.S.C. 151 note) is amended by striking "3 years after the date of the enactment of this Act—" and inserting "on December 31, 2006:"

**SEC. 4. STREAMLINED SALES AND USE TAX SYSTEM.**

(a) DEVELOPMENT OF STREAMLINED SYSTEM.—It is the sense of the Congress that States and localities should work together to develop a streamlined sales and use tax system that addresses the following:

(1) A centralized, one-stop, multi-state registration system for sellers.

(2) Uniform definitions for goods or services that may be included in the tax base.

(3) Uniform and simple rules for attributing transactions to particular taxing jurisdictions.

(4) Uniform rules for the designation and identification of purchasers exempt from sales and use taxes, including a database of all exempt entities and a rule ensuring that reliance on such database shall immunize sellers from liability.

(5) Uniform procedures for the certification of software that sellers rely on to determine State and local use tax rates and taxability.

(6) Uniform bad debt rules.

(7) Uniform tax returns and remittance forms.

(8) Consistent electronic filing and remittance methods.

(9) State administration of all State and local sales taxes.

(10) Uniform audit procedures.

(11) Reasonable compensation for tax collection that reflects the complexity of an individual State's tax structure, including the structure of its local taxes.

(12) Exemption from use tax collection requirements for remote sellers falling below a specified de minimis threshold.

(13) Appropriate protections for consumer privacy.

(14) such other features that the member States deem warranted to promote simplicity, uniformity, neutrality, efficiency, and fairness.

(b) NO UNDUE BURDEN.—Congress finds that if States adopt the streamlined system described in subsection (a), such a system does not place an undue burden on interstate commerce or burden the growth of electronic commerce and related technologies in any material way.

**SEC. 5. INTERSTATE SALES AND USE TAX COMPACT.**

(a) AUTHORIZATION AND CONSENT.—States are authorized to enter into an Interstate Sales and Use Tax Compact, and Congress

hereby consents to such a compact. The Compact shall provide that member States agree to adopt a uniform, streamlined sales and use tax system consistent with section 4(a).

(b) EXPIRATION.—The authorization and consent in subsection (a) shall automatically expire if the Compact has not been formed before January 1, 2004.

(c) COMPLIANCE.—The streamlined sales and use tax system prescribed by the Compact as provided in subsection (a) shall be evaluated against the requirements of section 4(a) in a report submitted to Congress in a timely fashion by the Secretary of the Treasury who shall certify whether such a system has met the requirements in section 4(a).

#### SEC. 6. AUTHORIZATION TO SIMPLIFY STATE USE TAX RATES THROUGH AVERAGING.

Notwithstanding any other provision of law, any State levying a sales tax is authorized to administer a single uniform statewide use tax rate relating to all remote sales on which it assesses a use tax, provided that for each calendar year in which such statewide rate is applicable, if such rate had been assessed during the second calendar year prior to such year on all such sales on which a sales tax was assessed by such State or its local jurisdictions, the total taxes assessed on such sales would not have exceeded the total taxes actually assessed on such sales during such year.

#### SEC. 7. AUTHORIZATION TO REQUIRE COLLECTION OF USE TAXES.

(a) GRANT OF AUTHORITY.—Any member State that has adopted and participates in the streamlined system prescribed by the Compact is authorized, notwithstanding any other provision of law, to require all sellers not qualifying for the de minimis exception specified in such system to collect and remit use taxes on remote sales in such State.

(b) CONDITIONS.—The authority in subsection (a) shall be of no effect unless both of the following conditions are met:

(1) The streamlined system prescribed by the Compact has been submitted to Congress prior to January 31, 2004, with the approval of at least 26 member States.

(2) 90 days have passed from the date such system was first submitted to Congress under paragraph (1), and no joint resolution disapproving the system has been enacted pursuant to the procedures in subsection (c).

(c) PROCEDURE FOR JOINT RESOLUTION OF DISAPPROVAL.—If the Congress determines that the system prescribed by the Compact does not meet the requirements of section 4(a), a joint resolution disapproving such system may be enacted within 90 days of the submission of such system to Congress under subsection (b), pursuant to expedited procedures similar to and consistent with the procedures prescribed in section 2908 of the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. 2687 note).

#### SEC. 8. LIMITATIONS.

(a) NO EFFECT ON NEXUS.—No obligation imposed by virtue of authority granted in section 7(a) shall be considered in determining whether a seller has a nexus with any State for any tax purpose.

(b) NO EFFECT ON LICENSING, REGULATION, ETC.—Nothing in this Act shall be construed to permit a State to license or regulate any person, to require any person to qualify to transact intrastate business, or to subject any person to State taxes not related to the sales of tangible personal property.

#### SEC. 9. DEFINITIONS.

For purposes of this Act—

(1) the term “State” means 1 of the 50 States of the United States of America and the District of Columbia;

(2) the term “the Compact” means the Interstate Sales and Use Tax Compact authorized by section 5;

(3) the term “goods or services” includes any tangible or intangible personal property and services;

(4) the term “member State” means a State that has joined the Compact;

(5) the term “remote sale” means a sale in interstate commerce of goods or services attributed, under the rules of section 4(a)(3) of this Act, to a particular taxing jurisdiction which jurisdiction could not, except for the authority granted by this Act, require the seller of such goods or services to collect and remit sales or use taxes on such sale;

(6) a remote sale “in” a particular taxing jurisdiction means a remote sale of goods or services attributed, under the rules of section 4(a)(3) of this Act, to a particular taxing jurisdiction;

(7) the term “seller” means a seller of goods or services; and

(8) the term “Uniform” refers to interstate uniformity.

Mr. GEKAS. Mr. Chairman, on that I reserve a point of order.

The CHAIRMAN. The gentleman from Pennsylvania (Mr. GEKAS) reserves a point of order.

Mr. BACHUS. Mr. Chairman, we have heard a lot of discussion this morning to the effect that this legislation affects sales tax. Others have said that this legislation does not affect sales tax. We've heard that this legislation threatens funding for local governments and State governments. We have also heard that this legislation has nothing to do with reducing funding for State and local funding.

The truth, Mr. Chairman, lies somewhere in between. The truth is that this legislation alone does not address sales tax. This legislation alone does not affect the States' ability to collect sales tax, to fund law enforcement, to fund education. However, there is a fear, a legitimate fear, that this legislation may slow the process of addressing the states and their ability to collect sales and use taxes. This is an important issue.

Now, let me say first of all, we say that this legislation extends “the moratorium.” What is the meaning of “extends the moratorium?” Well, the Internet Tax Freedom Act of 1998 banned taxes on Internet access and it banned multiple or discriminatory taxes on electronic commerce. The Act did not ban the collection of sales and use taxes on sales made over the Internet. I repeat, the Act did not ban the collection of sales and use taxes on sales made over the Internet. So extending this moratorium will not ban the collection of sales and use taxes.

Now, what is the current law? Under current law, sales or actually use taxes are already imposed on all remote sales. If the remote retailer has a physical presence in the State, a store, a warehouse where the buyer is, then the retailer is required to collect and remit a sales tax. However, under the Supreme Court decision, 1992 decision, Quill decision, they said, if the remote

retailer does not have a nexus or sufficient physical presence in the State, then the State cannot compel collection of sales tax. The buyer, however, is required to pay the use tax to their home taxing jurisdiction. Now, there is the rub. The use tax is not highly enforced, the compliance is very low. So when these sales are made over the Internet, then the State, in fact, does lose a sizable chunk of revenue. They will continue to do so until this issue is addressed with some reliable mechanism for collection from remote sellers.

The Supreme Court decision, the Quill decision has resulted in the situation where large Internet retailers, without stores in a State, are not required to collect sales tax, while other brick and mortar stores, or even an e-commerce firm with a warehouse or an office in a State, they are required to collect taxes on all sales. So we have an inequitable situation, and I think we all realize that. It's unfair. It's preferential. It should not be allowed to continue unaddressed.

In the 1992 Supreme Court case, the Supreme Court actually said, this is a situation that Congress can address. I agree. This is something that Congress, under the interstate commerce clause, should address. They made it clear that we had the authority to take action to cure this inequity. We have not done that since 1992.

Now, because I support a level playing field, and that is where in-store, catalog and on-line sales have the same tax collection treatment, I am introducing my amendment. I am introducing it also because, without this amendment, without us addressing this inequity in sales tax treatment, we are putting at jeopardy our local communities, the welfare of our children, the safety on our streets, because it is the sales and use tax proceeds that fund education in most States. It is the sales tax which funds local government. It is the sales tax which pays for police and fire protection.

In my own State, almost 50 percent of all State and local revenues are sales tax. In some States, over 50 percent are sales tax.

Now, Mr. Chairman, as I said earlier, there is a fear, there is a concern that merely extending the current moratorium does not address the main issue, and that is allowing States to require remote retailers to collect and remit sales tax. There is a fear among retailers and among 42 of the governors who have expressed this fear to us that merely extending the moratorium will only delay a decision on the issue of the States being able to collect sales tax.

The CHAIRMAN. The time of the gentleman from Alabama (Mr. BACHUS) has expired.

(By unanimous consent, Mr. BACHUS was allowed to proceed for 3 additional minutes.)

Mr. BACHUS. Mr. Chairman, as I said, the 42 governors have expressed a concern, and that concern is, will extending the moratorium delay a decision on the issue of allowing States to require remote retailers to collect and remit sales taxes. They have said that if that is the case, that we should not move for a moratorium.

Now, Mr. Chairman, I have assurances that is not the case. I have assurances that the issue will be addressed. I have offered this amendment to address the situation. My amendment would authorize States to develop and enter into an interstate sales and use tax compact. The legislation would provide that States joining the compact would be required to adopt a simplified sales tax system. In turn, States adopting the simplified system would automatically be authorized to require remote sellers above the sales volume threshold to collect use tax on all taxable sales into a State. Retailers would also be provided a collection allowance to offset the cost of compliance.

What that would do, Mr. Chairman, is give a level playing field to all sales. The legislation would provide a framework for simplification, allowing States to require collection when the States achieve simplification, and I think it is a reasonable and necessary step for this Congress to take to pass this legislation. Merely extending the moratorium while failing to deal with this underlying problem I think would be irresponsible. We can deal with it. This Congress can and should deal with it this session.

I have assurances that the Committee on the Judiciary is going to take up this issue next week. For that reason, I am going to support the legislation on the floor. I am doing it despite my concern and that of both governors and the retailers, in that I have assurances that we will address this issue and that we will address it this year. I hope that my trust in this institution is well founded.

Let me say, in closing, this: "The governors have made this request of the Congress. They have requested Congress to create incentives for States to streamline and simplify their sales tax systems so that remote sellers, whether Internet, catalog, or whatever, can collect sales and use tax as simply and easily as other retailers do, applying them only when companies surpass a minimal level to justify the burden."

I think there is almost unanimous agreement in this body that we need to move in this direction. For that reason, I am offering this amendment.

However, Mr. Chairman, I am told that it is not germane to this legislation, so I will withdraw the amendment, but I do so strongly urging this Congress to address this issue. If we pass this moratorium and we do not address this issue, we do it at the peril of

local government, of educating our children, of all of the fears and concerns that have been raised by the opponents of this legislation. If we pass this moratorium and then we take up legislation to address this issue, then we will have the best of both worlds.

Mr. Chairman, at this time, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

AMENDMENT OFFERED BY MR. DELAHUNT

Mr. DELAHUNT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DELAHUNT:

Strike sections 2 and 3, and insert the following (and make such technical and conforming changes as may be appropriate):

**SEC. 2. 2-YEAR EXTENSION OF MORATORIUM ON STATE AND LOCAL TAXES ON THE INTERNET.**

Section 1101(a) of title XI of division C of Public Law 105-277 (112 Stat. 2681-719; 47 U.S.C. 151 note) is amended by striking "3 years after the date of the enactment of this Act" and inserting "October 21, 2003".

Mr. DELAHUNT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. DELAHUNT. Mr. Chairman, I am pleased to join with the gentleman from South Dakota (Mr. THUNE) in offering this amendment. It would extend the Internet tax moratorium for 2 years rather than 5 years beyond its current expiration date to October 21, 2003, and it would leave in place the existing provisions grandfathering the 10 States that had some form of Internet tax-related tax when the moratorium was first enacted in 1998.

The amendment would allow the States a reasonable extension of time to simplify their system for taxing transactions so as to foster the growth of electronic commerce, while continuing to meet their responsibilities to provide essential services to their citizens.

Let me be clear, Mr. Chairman. I support the moratorium. In fact, I was among its early cosponsors, because it did seem essential to me that Congress provide sufficient breathing room and time to develop a more uniform, efficient and fair and neutral system of taxation. Over the past 2 years, the States have made considerable headway in this effort. I see no reason why it should take them 5 more years to complete it. In fact, a full 5-year extension, all it will do is eliminate a major incentive to address the real issues here.

That is why a 5-year extension is opposed by the National Governors' Association, the National Conference of

State Legislatures, the Council of State Governments, the U.S. Conference of Mayors, and numerous other groups, both business and labor. That is why a 5-year extension is opposed by 36 governors, Republican and Democrats alike, including Governor Leavitt of Utah, Governor Sundquist of Tennessee, Governor Thompson of Wisconsin, Governor Ryan of Illinois, Governor Engler of Michigan, Governor Ridge of Pennsylvania, and Governor Taft of Ohio.

These governors realize that a 5-year extension will accelerate the erosion of the sales tax and diminish the ability of the States to fund vital services. States that depend on the sales tax for as much as a third to a half of their total revenues will be forced to either cut spending or raise other taxes to make up the shortfall, the income tax or the property tax.

□ 1245

That is why the administration opposes the 5-year extension.

Let me read the statement of administration policy issued yesterday, May 9: "The administration would support a 2-year extension of the current moratorium. The proposed 5-year extension would significantly reduce the incentive for States to simplify their tax systems right now, to the detriment of all interested parties, particularly small business."

We talk about encouraging e-commerce. A 5-year extension discourages Internet sales. A 2-year extension fosters and embraces e-commerce.

The only information, the only hard data that we have so far, it is not simply rhetoric, it is evidence and it is clear and convincing, State governments lost \$525 million in taxes on online sales last year alone. That is only the beginning. Unless there is a system in place that enables the States to collect taxes on the sales, they will lose more than \$20 billion per year by 2003.

In conclusion, Mr. Chairman, the Delahunt-Thune amendment would provide a reasonable extension of the moratorium without changing the rules in midstream and without eliminating the incentive for all interested parties to devise an efficient, equitable, and technology-neutral system for the taxation of sales of goods and services, whether it be online or in the stores, in our communities and neighborhoods.

I urge support for the amendment.

Mr. GOODLATTE. Mr. Chairman, I rise in strong opposition to this amendment.

Mr. Chairman, this amendment will have the effect of shortening of length of time that taxpayers of this country are protected from some of the most regressive taxes that we can imagine, taxes on access to the Internet.

It is important to remind everybody again, this legislation had absolutely

nothing to do with the collection of sales taxes on the Internet. That issue is going to be addressed starting with hearings in the Committee on the Judiciary this month. If we are going to try to mix these two things together, we are going to do so to the great detriment of the American people.

Five years is actually a compromise. There were members of the Committee on the Judiciary who wanted to make this extension permanent. And why not make it permanent? After all, permanent extension of very unfair taxes on people's charges, the things that show up on their bills from their Internet service provider companies, where they have to pay \$2, \$3, \$5, whatever the charge might be to be able to just get online and to experience all the benefits of the Internet, we have to pay that same amount no matter what our level of income is, that is a real effort to dig the hole deeper that many people have called the digital divide. The way to close that divide and get every American on the Internet is to eliminate these access charges.

I oppose it for that reason. I also oppose it because it takes away something we have done in this legislation, and that is to stop some States who were grandfathered under the old law from being able to continue these very unfair access charges.

This bill ends those grandfathered provisions in the bill. This amendment takes that away. So to me, when I hear the other side talking about fairness, yes, if they want to talk about sales tax fairness, I would love to participate in that debate at another time. If we want to really talk about fairness, let us have a law that applies fairly to everybody with regard to these very unfair taxes on access to the Internet.

Five years is the amount recommended by the Commission report. At the appropriate time, I will introduce a letter that I have just received addressed to the Speaker of the House and asked to be made in order in the full House, a letter from my Governor, who was the chairman of this Commission, strongly endorsing the provisions of this legislation as they stand.

It is my hope that we will follow it, because it was not just the majority who wanted the 5-year extension of this moratorium. Governor Leavitt, the opponent of the recommendations of Governor Gilmore, his alternative proposal included a 5-year extension of the moratorium on these very unfair taxes on access to the Internet.

So if we are going to be fair and we are going to recognize a truly consensus opinion, we ought to go forward with the 5-year extension and reject a 2-year extension, which quite simply puts the taxpayer in this country at jeopardy in a short period of time of again facing these very unfair, regressive charges that have nothing to do with the imposition of sales taxes on the Internet.

There is nothing to prevent the Congress or the States from addressing the sales tax issue individually, collectively, in cooperation with the Congress, at any time during this extension of the moratorium.

So this 2-year extension is simply a way of taking away from taxpayers a protection against an unfair tax that creates this digital divide. Instead, I would hope that everyone would reject this amendment and promote closing the digital divide by removing some of the most unfair taxes on the Internet. Some that exist now in some States, they should be removed, and in the States that are under the current moratorium, that moratorium should be extended for 5 years.

Mr. CONYERS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, at last, a bipartisan amendment has arrived on the floor. We put our arms around it and thank the gentleman from Massachusetts (Mr. DELAHUNT) and the gentleman from North Carolina, who have recognized that if we limit this extension of the present moratorium on Internet access taxes and discriminatory taxes for 2 years, we will have arrived at a place that most of us will be much happier about.

It is unfortunate that the speaker before me has not seen the letter in which the Governors are asking us to please, please take into consideration the fact that they want their taxes extended. Twenty-two of them are Republican Governors.

I believe that this 2-year extension is a far more appropriate period for the moratorium. It is my hope that by such time the States could build on the very serious steps they have already begun to reform and simplify their laws. Then we could consider whether we want to approve any interstate process affecting these simplification efforts. If the States were not making progress by 2003, it would be a simple matter to extend the moratorium for an additional period of time if that were needed.

By contrast, there is a real risk that extending the moratorium through 2006 would, in effect, delay this issue and create a situation where the States have no incentive for reform. This would have the effect of codifying into the law the present Byzantine, unmanageable, complex State tax system which harms both consumers and business.

So this is why so many concerns have been raised about a 5-year extension. It is too long. It is opposed by the administration, which has written that "The proposed 5-year extension would significantly reduce the incentive for States to simplify their tax systems, to the detriment of all interested parties," but especially hurt would be small businesses.

A 5-year extension is also opposed by the National Governors Association.

Read the letter. It is now on the RECORD. It is opposed by labor, the AFL-CIO, the NEA, the AFT, AFCSME, and by business through the National Retail Federation, the Wal-Marts, the Sears, the Home Depot and K-Mart, and many, many others.

So we have arrived at a place where we can all come together, Republicans and Democrats, high-tech supporters and brick and mortar people. Let us come around to the Delahunt-Thune proposal now before the floor, now on the floor, which would give a 2-year extension, no more 5-year extension, a 2-year extension that would give our own committee the opportunity to hold the hearings and to deal with the realities and complexities of these problems on a sober and bipartisan basis to solve these very large problems that are facing us.

Such a process has been sorely missing to date in our headlong rush to the floor to secure political points. For that reason, my commendations to the gentleman from North Carolina and to my dear friend, the gentleman from Massachusetts (Mr. DELAHUNT). I urge that their amendment be given further consideration.

Mr. THUNE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, let me, just for the point of the record, say that the State is South Dakota, not North Carolina. But I am sure North Carolina cares very deeply about this.

I say to the gentleman from Michigan, let me just speak to this issue, if I might, in favor of this amendment, for a couple of reasons. I think it is critical in the time that I have been here in Congress, and actually prior to the time that I arrived here.

I have heard a lot of debates about how important it was that we move power out of Washington, D.C. and decision-making out of Washington, D.C. and give more power to the States, because we trust the ability of the individual States to make decisions about what is in their best interest.

That is I believe what is at stake here in this debate today. That is the issue of States' rights, and whether or not those States who have chosen already to employ certain taxes should be allowed to continue along those lines.

The amendment we have before us right now would restore States' rights on Internet services. The Tax Freedom Act which we adopted a couple years ago grandfathered those States which imposed, actually imposed such a tax prior to enactment. This amendment would allow those grandfathered States to assess taxes on Internet services in the same manner as other services.

I want to make one thing very clear here. In my State of South Dakota, and I think it is fair to say that the vast majority of States who are impacted by this who already had provisions in

law, we are not talking about a new tax on Internet services that is in any way discriminatory. This simply allows them to assess the sales tax which is currently being assessed on this service.

In our State of South Dakota this is a very important issue. We do not have an income tax. Fifty-three percent of our State's revenue is raised by the sales tax. This bill fundamentally represents an attack on the revenue base of our State. Our municipalities also, that is their primary way of running their operation. They are very dependent upon the sales tax. Main Street businesses agree that there should be tax equity and tax fairness.

I would say to my colleagues who are looking at this issue and trying to determine how they might want to vote that what we are attempting to accomplish here is nothing more than was done in 1998 when we acted on this last time. That is to grandfather those States, about eight States around the country, who already have provisions in law that allow them to tax equally these services in the same manner that all other services are taxed. We are not talking about a new tax.

I think my record in this body as a tax cutter is clear. This amendment does not address the issue of tax on Internet sales or the question of permanent charges. What it does do is allow those States that currently have a sales tax in place to continue to apply that tax in equal manner on Internet services, just like they would on any other service in their States.

Mr. Chairman, what I would simply say today is that as Members look at this issue, there are a couple of things to keep in mind. One is that what we are talking about here really I think in a very fundamental way is the rights of States.

As I said earlier, I believe in the debates we have held in this House since I have been here, we have talked a philosophical vein about how better to shift power and decision-making back to the States. What we are telling the States today is we are sorry, they cannot do it this way, and we are going to deprive them of a revenue source that they have chosen to adopt in terms of raising revenue to run their operation.

□ 1300

And the other issue very simply I would say, too, is a matter of tax equity, and that is, this is not a discriminatory tax Internet services, this is the same tax that is applied to all other services across this country or across our State, at least, and I think to the other States that are affected by this.

One other point I would make with respect to the moratorium, and the gentleman from Massachusetts has spoken to that, but the current moratorium does not expire until October 21, 2001. This amendment would extend

the moratorium an additional 2 years, that gives us 3½ years in which to address this issue.

I believe that to be ample amount of time. Furthermore, I think the longer that we extend that deadline into the future, the less pressure there is on this institution to grapple with and deal what is going to be a very important issue to our States, our municipalities and our small businesses.

I would also add that this is one of the very rare issues in my experience here in Congress where I have the business community in my State, municipal leadership, State leadership, our governor, all on the same side of the issue. This is an issue which impacts small businesses across our State, many of our businesses, small retailers and Main Streets across South Dakota are already at a competitive disadvantage in a lot of ways to catalog sales, but the Internet services that are underway today, the sales that occur there are yet another way in which they are put at a competitive disadvantage.

Mr. Chairman, I believe that this is an issue which cries out for a fix. I think it is going to be incumbent upon this Congress to act in a way that would enable our States to address this issue to resolve it, and to have a stable and predictable revenue source as they head into the future.

I would simply say to my colleagues that I believe this amendment to be a sound amendment. I do think it provides ample time in which to resolve these issues, and furthermore, it eliminates the provision that would penalize those States that already, in law, have chosen in a nondiscriminatory way, in an equal way, in a neutral way to tax all their services at the same level. I urge the adoption of the amendment.

Mr. NADLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, let me start by making two comments on some things that have been said before by some opponents of the amendment, the gentleman from Pennsylvania, the gentleman from Virginia. It was said that this bill seeks to give effect to the recommendations of the commission, the commission that was appointed under the first Internet moratorium bill, which I supported 2 years ago. It simply is not true. The commission made no recommendations whatsoever.

The law establishing the commission was very careful to specify that the commission could only make a recommendation of anything by a two-thirds vote. The commission was divided, nothing got a two-thirds vote. The chairman of the commission, the governor of Virginia, took it upon himself to disobey the law, and in the name of the commission, to make a recommendation, even though it did not have the two-thirds vote.

We should give no weight to those recommendations as recommendations of the commission. They are recommendations of some members of the commission. The commission made no recommendation whatsoever, because they could not agree.

Second, we are told that by supporting a 2-year moratorium, we are going to be very unfair to business. We are going to be very unfair. Is the governor of Ohio, Mr. Taft, suggesting very unfair provisions? Is Governor Ridge suggesting unfair provisions, Governor Leavitt, Governor Thompson, Governor Engler, most of the Democratic governors in this country, are they all being very unfair here or are they all simply being prudent and asking us not to interfere with the welfare of their States, which is what I think is happening.

Let us go back to basics here as we look at this amendment and as we look at this bill. The Internet is a great thing. We want to promote its growth. We do not want burdensome or unfair taxation to inhibit its growth. There are certain problems that arise when we talk about how to tax the Internet.

Mr. Chairman, there are 6,000 jurisdictions in this country, and it might very well be burdensome to say okay, if you ordered something in New York from a seller in Wisconsin and the signals go through 22 other States, however the Internet is routed, I do not understand it, there may have 22 different States levying sales tax or trying to, and who knows how many jurisdictions, obviously we cannot have that.

We have to figure out a different way of doing that. We have to simplify it so that it is not a burdensome thing for an Internet company or a seller over the Internet to adhere to the law and to levy or collect a tax.

Fine, to figure out how to do that, we enacted a 3-year moratorium, and we appointed a commission, the States are working it out. The governors tell us it will take another year or two to work a very simplified sales tax, uniform sales tax system throughout the country that will permit a simplified collection that would not be burdensome; okay, that makes sense.

We also want to make sure that everybody is on the level playing field. We know that the economy grows fastest. We know that economic growth is greatest, productivity is greatest, wealth creation is greatest when economic decisions are made on the basis of economics.

When people in the private sector make their decisions what to buy, what not to buy, how to ship their goods, how to order something, where to buy it from, on the basis of efficiency and economic utility not on the basis of taxes. So we want taxes insofar as possible not to affect economic decisions.

If you want to order something, whether you order it by walking into

the store on Main Street or into the mall a couple miles away or from a catalog seller or over the Internet, should be decided on the basis of any number of factors, but not on the basis that one has an advantage of tax over the other.

Mr. Chairman, that is an improper consideration. If the Internet is going to grow, and it is, it ought to be on its own merits. If brick-and-mortar companies are going to be advantaged or disadvantaged, it should be on the basis of their economic advantage, not on the basis of tax advantage or disadvantage, that, too, is something we have to make sure we do right, that taxes raise revenue, but do not unfairly advantage one sector over another because it is unfair. It inhibits the growth of the economy; that we have to make sure we do.

A 2-year moratorium extension, especially a year in advance of the moratorium end that we have, we have another year and 16 months to go into the existing moratorium, gives ample time to figure all of this out. A 5-year moratorium would be another 6 years, as was said by the gentleman from South Dakota (Mr. THUNE), would freeze into practice too many practices, it might be impossible to change them 6 years from now, especially at the rate that things are growing.

Now, we are told that this bill does not deal with the sales tax question. It is true, it does not. But to allow half a solution and not the other half would freeze things, and that we should not do.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to support the Delahunt amendment, and to make the arguments that, as I indicated in general debate, it amazes me that we would rush to the floor of the House to deprive 10 States, comprising a large population of the United States, their inherent rights. The right to make independent assessments and determinations as to how they collect revenue.

Now, I am prepared to spend a lot of time in hearings. I think it is extremely important that this body acts as a fact-finder. It is interesting that, having participated in the revising of the Telecommunications Act or the revising of telecommunications in the United States by way of the Telecommunications Act in 1996, I understand those who preceded me in tenure indicated that that process lasted many, many long years. But yet today in the year 2000, we are confronting issues in the Telecommunications Act that are sticking points and have not been resolved, because all legislative initiatives cannot foresee down the road what the problems may be.

Mr. Chairman, we have problems with the Telecommunications Act

right now as we speak. But yet we want to precipitously deny the rights of 10 States, some 17 million citizens in the State of Texas and many others around the Nation, with the limited amount of hearings and understanding of how we can best encourage E-commerce and, as well, address the needs of those such as the State of Texas that would lose over \$1 billion in revenue.

I cannot understand why, in fact, there is such an urgency with 8 months out, I believe, a time frame in which we can study the issues appropriately. I will subsequently add an amendment or debate an amendment that I will offer that adheres to the 5 years, but grandfathers the State in. I believe it is crucial that we are fact-finders and that we get the information. This will deny the cities of this Nation, the States of this Nation, the opportunity to provide reasonable revenue for health care and for education.

Then, secondarily, though there are 37 million people who may access the Internet. And I might say in Texas, we allow \$25 worth of access fees that are nontaxable, so we are sensitive to the idea of opening up the Internet. But this will be denying these individuals the opportunity for resources that they greatly need.

I do not know how this Congress can do it. Particularly a Congress that represents itself to be respectful of States rights. This is harming 10 States and harming the State of Texas. I believe we should seek a moratorium that allows us to stay this issue. I believe, however, that we should not take away the rights of those 10 States and, more importantly, I do not think we should move precipitously when we really do not know the best way to approach this.

Mr. Chairman, my last point is to simply say as much as we may not want to view this as an equity question, it seems to me that we should consider all of those individuals who go into stores and buy their goods. And I disagree with any comparison that this is like a fee going into a shopping mall. It is not. Consumers are on the Internet and buying the goods right there. They go into a store we pay sales tax. Let us be fair and make sure that we have a situation where we respect those States who have already opted to make their choices on taxation.

Mr. COX. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to respond to the comments that were just made. It is suggested that a continuation of the status quo, which protects users of the Internet from discriminatory taxation, would somehow harm the State of Texas. But the State of Texas is increasing its tax take under the status quo. As a matter of fact, sales tax collections in the State of Texas for the year we have just completed are up 5 percent.

The same is true across the country. There is not a State in America that is not better off now than it was before the passage of the Internet Tax Freedom Act and the two are not disconnected, because the growth of the new economy is fueling a growth in American productivity and a record increase in jobs and a flood of revenues to government at all levels.

There is no revenue impairment. There is no revenue loss. There is more taxation and more collection of taxes for State and local governments, and for the Federal Government, than ever before in our Nation's history.

Mr. Chairman, let us look at the figures. At the end of 1999, all 50 States were in surplus. The States finished 1999 with \$35 billion in total surpluses. And that is at the same time that they were growing their spending by nearly 8 percent on average. Total tax collections among the 50 States are up not by 1 percent, not by 2 percent, not by 3 or 4 percent, the range of our economic growth, but by 11 percent. Total tax collections among the States, up 11 percent from \$420 billion in 1998 to \$466 billion in 1999.

We do not need more taxes. We do not need discriminatory taxes. We do not need double taxation. And all that this bill does, all that it does, is ban discriminatory taxes and multiple taxes. So I need to know which one, which kind of taxes, the discriminatory ones or the multiple ones, the opponents of this legislation are in favor of.

But in my view, there should not be a moratorium. There should be a permanent ban on such taxes. We should not have discriminatory taxes against the Internet and we should not have multiple taxation. Two States should not tax the same commerce twice. One State ought to do that, and that is what this legislation wisely does.

Now, in truth the debate is not about what it seems to be about. We are not really arguing about that. Instead, people are taking a very good piece of legislation, the Internet Tax Freedom Act, and they are holding it hostage. They are saying, "All right. We agree with you, there should not be multiple taxation. There should not be discriminatory taxation. But we have another issue with sales taxes and we would like you to address that some time, and we think that only if we take this perfectly good piece of legislation and hold it hostage will you listen to us."

□ 1315

I remember once when I was in college, I think, maybe I was a little older than that, the National Lampoon put out one of their magazines. Some of my colleagues have seen the National Lampoon, and it had a very clever cover. On the cover was this adorable little puppy with a gun to its head. It said, "Buy this magazine or we will shoot this dog." Of course the message

was meant to be humorous, but it is an illustration of the legislative tactic at work here.

People do not like the fact that they have a Supreme Court decision that impairs State sales tax collection on remote sales. They would like Congress to address that legislatively under our Article I, Section 8 power. Because that is not what we are debating here on the floor today, they want to take this piece of legislation hostage and say, well, at least it is about the Internet. Let us slow down this legislation and make them add on to this other issue.

That would be a bad idea because what it would mean is that people would not have the certainty that they now have that we are not going to at the Federal level, we are not going to at the State level, and we are not going to at the local level impose discriminatory taxes on the Internet that tax the Internet when the off-line commerce would not be taxed in the same way or multiple taxes on the Internet. We are not going to tax Internet access because we really do care about the digital divide.

If my colleagues care about the digital divide, do not pile new taxes on Internet access. That is what the existing legislation, which this would extend, prevents. There are many good reasons, but none more significant than the flood of revenues to our States to support the Internet Tax Freedom Act and its extension in the form of the Internet Nondiscrimination Act.

For those reasons, I urge strongly that we oppose the amendment.

Mr. ROGAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, first I want to associate myself with the gentleman from California (Mr. Cox). I think that he has hit the nail directly on the head.

Mr. Chairman, I am pleased to yield to the gentleman from Virginia (Mr. GOODLATTE).

Mr. GOODLATTE. Mr. Chairman, I thank the gentleman from California for yielding to me.

Mr. Chairman, Congress created the Advisory Commission on Electronic Commerce in 1998. The purpose of the Commission was to study the Internet taxation issue and submit a report of its findings to the Congress. The Commission consists of representatives from State and local governments, the administration, the business community, and others.

In its recent report to Congress, the Commission suggested that the Internet tax moratorium that was in existence, created at the same time the Commission was created, be extended for 5 years. While there was disagreement on several Internet tax issues, which we are not addressing today, including the sales tax issue, which some

want to keep bringing up, there was complete agreement on a 5-year moratorium extension.

While Congress is not bound by the Commission's report, we should follow its suggestions unless there is good reason to do otherwise. After all, that is why Congress created a Commission. No good reason exists to deviate from the Commission's suggestion that the moratorium be extended for 5 years.

Choosing to extend the moratorium for 2 years is completely arbitrary. There is no evidence that a 2-year extension is better than the Commission's suggestion of 5 years. Again, Congress should follow the Commission's lead, especially on an issue where there was complete agreement unless there is good reason not to, which does not exist here.

While it is true that the recent Commission report was not supported by two-thirds of the commissioners, which was a requirement for submitting formal recommendations to Congress, it is also true that some of the issues examined by the Commission were supported by two-thirds of the commissioners. Extending the moratorium for 5 years was one of those issues.

If we take this amendment and extend it only 2 years, we are depriving the American taxpayers a protection against one of the most unfair, most regressive taxes one can imagine.

Sales taxes, which the gentleman wants to take up and find a way to impose on people who buy goods and services on the Internet, they are regressive taxes because, generally speaking, they hit lower income people harder than other taxes.

But taxes on access to the Internet, which is what we are addressing in this bill, not the sales taxes, are far more regressive because, regardless of one's income, regardless of one's wealth, one pays the same amount of tax for that access to the Internet.

So, again, for everyone here who wants to close the so-called digital divide and make sure that every American has the opportunity to have access to the Internet for the educational benefits that arise from it and the ability to do business on it to have jobs related to it, to be able to shop on the Internet, to be able to advocate political points of view on the Internet, we should not be allowing a tax on that access.

So we should extend this moratorium as long as we could. But we certainly should extend it no less than what the two-thirds majority of the commissioners recommended, what the Committee on the Judiciary has recommended, because we are, in effect, simply keeping people free from some of the worst taxes that one can possibly impose.

I urge my colleagues again to reject this amendment.

AMENDMENT OFFERED BY MR. CHABOT TO THE AMENDMENT OFFERED BY MR. DELAHUNT  
Mr. CHABOT. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. CHABOT to the amendment offered by Mr. DELAHUNT:

Strike line 1 and all that follows through the end of the amendment, and insert the following (and make such technical and conforming changes as may be appropriate):

**SEC. 2. COMPREHENSIVE AND PERMANENT MORATORIUM ON STATE AND LOCAL TAXES ON THE INTERNET.**

(a) COMPREHENSIVE AND PERMANENT MORATORIUM.—Section 1101 of title XI of division C of Public Law 105-277 (112 Stat. 2681-719; 47 U.S.C. 151 note) is amended—

(1) in subsection (a)—

(A) by striking “3 years” and inserting “99 years”, and

(B) in paragraph (1) by striking “, unless” and all that follows through “1998”,

(2) by striking subsection (d), and

(3) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

(b) TECHNICAL AMENDMENT.—Section 1104(10) of title XI of division C of Public Law 105-277 (112 Stat. 2681-719; 47 U.S.C. 151 note) is amended by striking “unless” and all that follows through “1998”.

Mr. CHABOT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. CHABOT. Mr. Chairman, this is a perfecting amendment to the Delahunt amendment. The intent of the amendment is to make the moratorium permanent. For parliamentary reasons, it was necessary to pick a date specific, a certain amount of time. In this case, we chose 99 years, which, in essence, effectively makes the moratorium permanent.

Mr. Chairman, back in 1998, I worked with the gentleman from California (Mr. Cox) to introduce and push legislation that would place a moratorium on Internet taxation. The effort resulted in the passage of the Internet Tax Freedom Act, which placed a 3-year moratorium on three particular types of Internet taxation: taxes on access charges, multiple taxes, and discriminatory taxes.

At that time, we were warned of the dire consequences for State and local governments if such a moratorium were enacted. However, contrary to these concerns, the moratorium has proved to be quite successful.

Since enactment of the Internet Freedom Act, millions of Americans have gained access to the Internet, and electronic commerce has grown exponentially. The Internet economy has created millions of new jobs, and new economic opportunities for Internet businesses as well as more traditional companies.

As a result of this rapid expansion, most State and local governments are

experiencing massive increases in tax revenues and record budget surpluses. There has been a lot of talk in this Chamber about bridging the so-called digital divide and providing all Americans with access to the Internet.

According to a Department of Commerce report released last July, only 12 percent of those households with combined incomes from \$20,000 to \$25,000 have Internet access, compared to 60 percent of those households earning \$75,000 or more. Raising taxes and increasing prices on consumers will only make that situation worse.

The most reliable way to ensure that Internet access is available to all is to help keep prices and costs low. By extending the moratorium and permanently banning Internet access taxes, we can lower future costs and ensure that Internet access remains affordable for all Americans.

Mr. Chairman, thriving new industries have always been prime targets for new and discriminatory taxation in this country. For example, our constituents are still paying for the Spanish-American War courtesy of an excise tax on telephone use enacted all the way back in 1898 and still on the books. If we do not act affirmatively to protect the Internet, it will soon be subject to these same types of bogus charges which can hinder its growth, raise prices, and hurt consumers.

By merely extending the current moratorium rather than making it permanent, Congress is leaving the flood gates open for a tidal wave of future taxation, which could cripple this vital technology. It is time to slam those gates shut, lock them tightly, and throw away the key.

If we do not enact a permanent moratorium and, instead, continue to pass temporary extensions, no one, not State and local government entities, not the Internet business community, and not the consumers, will know what the future may bring. By enacting a permanent ban, we can end this uncertainty and allow the Internet to flourish, free from the threat of future taxation.

Mr. Chairman, we have an obligation to pass this proposal today. The Internet is a global network, and subjecting it to a myriad of State and local access taxes will cripple its development and prevent some families from gaining access to this wonderful tool.

I urge my colleagues to protect our constituents' access to this thriving technology and vote to make this moratorium permanent.

Mr. NADLER. Mr. Chairman, I rise in opposition to the perfecting amendment.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Ohio (Mr. CHABOT) which would provide for a permanent extension of the moratorium on Internet taxation.

I obviously do not support multiple or discriminatory taxes, but I oppose a permanent moratorium because I fear, if we pass a permanent moratorium, we will never return to the more important issue of State tax simplification. Failure to revisit this issue will harm all interested parties: retailers, both electronic and otherwise, State and local governments, and consumers.

The fact is that we have a moratorium in order to allow the States and the Governors and the Federal Government to address the issue of how one fairly taxes transactions conducted over this new medium, without giving an advantage, without stifling it, without burdening it, but also without giving it an unfair advantage over other types of business and over other media for the conduct of business.

If we do not solve that problem, one of two things results. One could have stifling taxation on the Internet which would inhibit its growth, and that is why we want a moratorium to avoid that. I have no problem with the moratorium. I was one of its sponsors 2 years ago.

Secondly, if we do not allow sales taxes on goods purchased over the Internet, then we, to a very large extent, destroy the tax bases of State and local government, and we give an unfair advantage to purchases over the Internet compared with purchases not over the Internet.

As I said before, the economy, the growth of the economy, the efficiency of the economy demands that economic decisions be made on economic bases, not in order to avoid tax by going in one direction and not the other. That is a formula for less economic growth, less economic efficiency, lower economic productivity.

If we make this moratorium permanent now, without dealing with the problem of how to fairly and without undue burden taxing transactions over the Internet, we may never get back to that.

The Internet entrepreneurs quite properly want relief and assurance against future multiple or discriminatory tax. The moratorium gives them that for the time being. But to give them that permanently without dealing with the other half of the problem is probably to mean we will never get to the other half of the problem. That is wrong.

Why rush? We are first having hearings on that question next week in the Committee on the Judiciary. We should, from those hearings, come to some agreement on how to deal with it legislatively. We do not have to act now at all until those hearings and until we know what we are doing, but we are acting anyway for purely political reasons.

The moratorium has another year to run. If we want to extend it 2 years, okay, so we have 3 years to solve this

problem. A permanent extension now, when the moratorium has not finished and we have another year, is simply saying we do not care about solving the problem of sales taxes; and that would lead, as the Washington Post notes in its editorial today, to damage to our State and local governments which we claim to care about.

I notice the cavalier attitude on the part of the majority of this House today toward unfunded mandates in this bill. We give lip service to opposing unfunded mandates. I do not mind them. I voted against the unfunded mandates bill. But most of the Members in this House give lip service to not imposing unfunded mandates in this bill, but we are doing it even though one of the sponsors of this bill says he has no idea the amount of the unfunded mandates. He does not want to take the time to find out.

So I suggest that we should not have a permanent moratorium. A 2-year moratorium is adequate to enable us to do what we have to do; namely, figure out a rational and fair way of giving everyone fair and equal taxation while burdening the Internet with multiple and discriminatory taxation.

So I urge the defeat of the amendment.

Mr. Chairman, I yield to the gentleman from Massachusetts (Mr. DELAHUNT).

□ 1330

Mr. DELAHUNT. Madam Chairman, will the gentleman yield?

Mr. NADLER. I yield to the gentleman from Massachusetts.

Mr. DELAHUNT. Madam Chairman, I thank the gentleman for yielding to me, and he did so for the purpose of my making a unanimous consent request.

Madam Chairman, I ask unanimous consent that the time of the debate on the perfecting amendment and the underlying amendment, the Delahunt-Thune amendment, be limited to 10 minutes, to be divided equally between the sides.

The CHAIRMAN pro tempore (Mrs. BIGGER). Is there objection to the request of the gentleman from Massachusetts?

Mr. GOODLATTE. Madam Chairman, reserving the right to object, the gentleman has asked for a total of 20 minutes additional time?

Mr. DELAHUNT. Madam Chairman, will the gentleman yield?

Mr. GOODLATTE. I yield to the gentleman from Massachusetts.

Mr. DELAHUNT. I would advise the gentleman that I am asking for 10 minutes; that we should limit the time for the debate on the Chabot perfecting amendment and my underlying amendment to 10 minutes, to be divided equally between the sides.

Mr. GOODLATTE. Well, I am concerned that I have a lot of speakers over here. How would that time be managed?

Mr. DELAHUNT. Well, if the gentleman will continue to yield, the ranking member of the subcommittee would manage it for the opponents, and I presume the gentleman from Ohio (Mr. CHABOT) or the gentleman from Virginia (Mr. GOODLATTE) would manage it for the proponents.

Mr. GOODLATTE. And that is 10 minutes on each side?

Mr. DELAHUNT. That is 5 minutes on each side.

Mr. CHABOT. Madam Chairman, I object. There are a number of speakers, I believe, who are interested in speaking on this amendment.

The CHAIRMAN pro tempore. Objection is heard.

PARLIAMENTARY INQUIRY

Mr. ISTOOK. Madam Chairman, an inquiry of the Chair.

The CHAIRMAN pro tempore. The gentleman may state his parliamentary inquiry.

Mr. ISTOOK. Madam Chairman, under the rule, is it correct that remaining debate time, which must include the additional amendments which have been prefiled and are to be offered the remaining time for debate, is limited to 1 hour? So that if everyone keeps speaking on this, they are effectively trying to stifle the consideration of other amendments?

The CHAIRMAN pro tempore. The time for consideration will expire at 2:30.

Mr. ISTOOK. Will expire at 2:30. So that any time consumed by this amendment, should it consume all the remaining time between now and 2:30, would have the effect of preventing the House from considering the other pending amendments?

The CHAIRMAN pro tempore. That is correct. The Committee of the Whole will have to conclude consideration of amendments at 2:30.

Mr. ISTOOK. Madam Chairman, is there any way that someone who, in good faith, has sought to offer an amendment to this bill can avoid this filibuster tactic?

The CHAIRMAN pro tempore. That is not a parliamentary inquiry.

Mr. ISTOOK. But it is a good point. I thank the Chair.

Mr. NADLER. Madam Chairman, may I inquire of someone over there how much time, perhaps the gentleman from Virginia (Mr. GOODLATTE), if 5 minutes on each side is not acceptable for a UC request, ask how much might be?

Mr. GOODLATTE. I would have to defer to the gentleman whose amendment is on the floor.

The CHAIRMAN pro tempore. The gentleman from Ohio (Mr. CHABOT) may respond.

Mr. NADLER. Would 10 and 10 be acceptable?

Mr. CHABOT. There are a number of speakers over here that have indicated they want to have sufficient time to

address this particular amendment. I do not think it will take a tremendous amount of time, and I would hope that we will have an opportunity to get to the amendment of the gentleman from Oklahoma (Mr. ISTOOK) or any other amendments that might be offered.

Mr. NADLER. Would 10 minutes on each side be acceptable to the gentleman?

Mr. CHABOT. Not at this point in time. The Committee on Rules set this rule. I am not on the Committee on Rules, I do not know how many folks sitting here are. But this is the rule we are dealing with. If we could move on and have the Members who would like to speak on this amendment, hopefully we will be able to have time to get to other amendments. That is, I think, the goal of all of us.

The CHAIRMAN pro tempore. Is the gentleman from New York stating a parliamentary inquiry?

Mr. NADLER. I am simply trying to ascertain if there is any amount of time. I do not know what other amendments people have.

The CHAIRMAN pro tempore. Is the gentleman from New York stating a unanimous consent request?

Mr. NADLER. Madam Chairman, I ask unanimous consent for a 20-minute time limit for this debate, to be divided equally between the two sides. That would allow 40 minutes for all other amendment combined.

Mr. COX. Reserving the right to object, Madam Chairman, I think this discussion is consuming time off the clock, and that if we simply proceeded with debate on the amendment that is already under consideration, we could then proceed in order to the next amendment and the next amendment.

I am aware, for example, that the amendment of the gentleman from Oklahoma (Mr. ISTOOK) is largely duplicative. It also is for 2 years, which we are already debating. A lot of this debate is supportive of debate on the other amendments as well. But I would urge we stop the parliamentary infighting and just get back to our regular business.

I, therefore, object.

The CHAIRMAN pro tempore. Objection is heard.

Mr. ROGAN. Madam Chairman, I move to strike the last word.

Madam Chairman, I am pleased to support the amendment offered by my friend and colleague, the gentleman from Ohio (Mr. CHABOT) that would make the moratorium on taxation on Internet access permanent. This amendment will send a message that Congress is opposed to excessive regulation and taxation of e-commerce.

There is little debate here today on the impact of the Internet on our economy. Yet, despite its rapid growth, the Internet is still in its technological infancy. The potential for growth and the creation of new wealth is tremendous.

This growth will continue to affect Americans at all economic levels. This rising tide of economic expansion has and will continue to lift all boats.

In fact, the largest growth potential remains in home-based businesses. Goods, services and technology are available to consumers around the globe as never before. Taxation on the Internet raises many unanswered questions. Nationwide, there are some 6,000 competing separate tax levying jurisdictions. Congress must act to ensure that the electronic engine of our national economic growth is not unfairly punished by any of these competing jurisdictions or by an unwieldy combination of them.

Today, we have the opportunity to continue the explosion of productivity and growth that we have seen from the Internet. From the booming tech companies of the Atlantic to the heart of the Silicon Valley, to those companies in my district in Los Angeles County, e-commerce is touching the lives of all Americans. Internet companies are fueling hometown economic revivals.

With this broad impact, Congress must act responsibly and decisively. By passing the amendment of the gentleman from Ohio and the underlying legislation, we will be sending a message that e-commerce is a technology to be embraced and not choked under the heel of government taxation.

I urge my colleagues to support this amendment offered by our colleague from Ohio to enact a long-term ban on access to Internet taxation.

Mr. DELAHUNT. Madam Chairman, I move to strike the requisite number of words.

Mr. GANSKE. Madam Chairman, will the gentleman yield?

Mr. DELAHUNT. I yield to the gentleman from Iowa.

Mr. GANSKE. Madam Chairman, I rise in opposition reluctantly to the amendment by my good friend from Ohio in favor of the amendment of the gentleman from Massachusetts (Mr. DELAHUNT) and also, when it comes up, the amendment offered by the gentleman from Oklahoma (Mr. ISTOOK).

Madam Chairman, the Internet taxation issue is the number one issue for small town business men and women in my district. They see this lengthy moratorium on e-commerce taxes as unfair. They are paying taxes and losing business to competitors who do not pay those taxes.

This tax policy gives on-line retailers a competitive advantage over brick-and-mortar retailers. It is a myth that e-commerce needs preferential tax treatment because it is a new industry. The Internet has reached 50 million people in 4 years. Look at some of the earlier breakthroughs. Radio needed 38 years to reach the same number of users; television 13 years. So the Internet's development has been nothing short of phenomenal. With that robust

growth, requiring on-line retailers to collect sales taxes will not harm their growth.

This is really a question of somebody else getting hurt. I agree with Governor Leavitt of Utah when he said, "You know, we all hate taxes. But if we have to pay them, then at least they ought to be fair." At the White House and in Congress we hear a lot about fair trading practices. Let us talk about fair trade at home. Let us deal with the issue promptly and not pass on it. Taxing some companies but not others is not fair. What prevents a huge retailer like Wal-Mart, with unlimited resources, from setting up computers instead of registers so that customers could purchase goods on-line and avoid a sales tax?

We should not put off a decision on Internet taxation for 6 years. The current moratorium ends in October of next year. Next year we will have a new President and a new Congress. That will be a reasonable period of time for us to deal with this issue. Putting it off for 6 years is unreasonable and unfair.

As an article in today's Washington Post explains, "The extension is deceptive legislation that in the short run doesn't do what most people think, and that in the long run could do real harm. The measure does not ban sales taxes on e-commerce, transactions over the Internet, but it sounds as if it does, which suits the sponsors just fine."

Let us not pass the buck on this decision to a Congress 6 years away. Let us not pass the bucks, the bucks that businessmen in my district are now losing to an unfair tax. I am going to support the Delahunt amendment, and I am going to support the Istook amendment on extending the moratorium from 5 years to a realistic 2 more years, right into the next Congress. If that drawback fails, I am voting no on the bill.

Let us deal with this issue soon and not pass the buck. At a time when the majority is pushing to devolve political power and authority back to State and local levels, I believe this issue is all the more important. If we are to expect many of the important governmental programs to be implemented in this way, States and localities must be allowed the means to raise that revenue.

In February, the University of Tennessee published a report that projects how much money States will lose per year by 2003 if businesses are not required to collect use taxes that are owed by purchasers on electronic commerce. The report found that the State of Iowa alone would lose \$162 million, and nationwide, States would lose \$20 billion.

According to the U.S. Census Bureau, 47.9 percent of State revenues come from sales taxes. If sales tax is not collected on e-commerce transactions, State and local governments will have

to find other ways to offset their losses. This could mean raising taxes on income or cutting back on essential community services, such as education, law enforcement, public libraries, and transportation.

Once again, my colleagues, Congress needs to stop passing the buck on this issue. My small businessmen and businesswomen consider this their number one issue. Vote for Delahunt, vote for Istook. If they fail, vote "no" on the underlying bill.

Mr. HUTCHINSON. Madam Chairman, I move to strike the requisite number of words.

I am pleased to rise in support of the Internet Nondiscrimination Act, and I want to thank my colleague from Virginia for his work on this important issue.

The bill before us provides a moratorium on access taxes on the Internet for 5 years. I think this is important to allow the development of this new technology that is truly in its infancy stage. There is an amendment that has been offered that would limit this moratorium to 2 years. I believe that is too temporary. It is not long enough and, therefore, I will oppose that amendment.

The present amendment that is offered makes that permanent, or for 99 years, and I appreciate my colleague from Ohio for raising this point in the debate and allowing us to have this discussion, but I think everyone here in Congress knows that a permanent ban is probably not in the dictionary when it comes to the actions of Congress, because we can change that down the road. So I think it is somewhat of a meaningless gesture, however, I believe it is important, because of the other issues surrounding this moratorium, that we do reengage in this debate down the road.

One of the issues that are on the periphery of this moratorium is the States' concern that this somehow impedes their collection of sales taxes on distance sales. I know that my governor of Arkansas has written a letter expressing the concern about this moratorium impacting the collection of sales taxes by the States. When, in fact, as it has been pointed out, this clearly would not prohibit the States from trying to develop a means to collect sales taxes on distance sales via the Internet or catalogue sales.

I am sympathetic to that concern, and I believe it is important that the Committee on the Judiciary engage in hearings to address this issue, to continue the debate on that. We need to continue to watch to see the impact on sales tax collections by our States that impact our schools and other services provided. But I am also concerned about the brick-and-mortar businesses, the Main Street businesses, those that rely upon in-store shopping. They are obviously concerned about the Internet

having a competitive advantage, those engaged in e-commerce.

I think we need to wait and see, but the debate is very important, and I hope that will continue in hearings in the Committee on the Judiciary, and I know legislation will be introduced to clarify and reduce the obstacles that States face in collecting the sales taxes. It is not an obstacle created by this moratorium, but it is an obstacle created by the fact that there are no collection methods at present that the Supreme Court has not found creates an undue burden on interstate commerce.

□ 1345

So, therefore, I think we need to look at what we can do to help the States, make sure that there is not a burden, as well as the problem with the brick-and-mortar businesses, as I mentioned.

The Internet development clearly should be encouraged. I believe that if there is a possibility that taxes would be imposed on access to the Internet that that would be a hinderment. I believe that we should support this moratorium for that reason.

In my district in Arkansas, where middle America is rural America, I believe the Internet explosion, the opportunities for e-commerce, the development of dot-coms represents the future of rural America even. We see it in the Silicon Valley. We see it on the East Coast. But in rural America, we have in my district a dot-com which has developed that is employed. I think we are going to see more of that. And so, I do not think we want to hamper it right now with the potential for new taxes on access to that great future that is really in its infancy now.

For that reason, I oppose the amendment to make the moratorium permanent, I support the underlying bill, and I ask my colleagues to join in that effort.

Mr. CONYERS. Madam Chairman, I rise to strike the requisite number of words.

Madam Chairman, members of the committee, I am, first of all, saddened that the Chabot amendment was attached to the Delahunt provision. If only it could have been a more fair parliamentary universe, we would all be better off in trying to make these decisions.

But having said that, I have no other alternative but to oppose a permanent extension of a moratorium on Internet access and discriminatory taxes. Because if we pass a moratorium now, I guarantee my colleagues that we will never return to the important issue of tax simplification. We just will not come back, this is it. To try to nail this on to the Delahunt amendment that narrows to 2 years this extension I think is very, very unwise.

The problems with the present system are fairly well-known by now. The

complexity is daunting. Six-and-a-half thousand taxing jurisdictions in the United States, and we want to provide for a permanent extension of the moratorium without so much as a hearing, without anyone ever having examined what it is that we would be doing were we to accept such a provision?

Needless to say, any retailer with a physical nexus to his State is subject to a myriad of confusing and complex State and local taxes.

Next, the current disparate tax treatment as between brick-and-mortar and remote sellers has the potential to cause continuing economic distortion.

In the *New York Times*, it has been written, an elementary principle of taxation says that taxes should distort purchasing decisions as little as possible and it is not the role of the Tax Code to determine whether a customer shops in stores, on-line, or by mail order.

The gentleman from New York (Mr. NADLER), the ranking member of the subcommittee, has made that point repeatedly. This is not the job of Tax Codes to determine where customers shop.

Now, with regard to the impact on State and local governments, maintenance of the current system carries with it the potential for significant financial loss. Sales taxes in State after State is the most important revenue source, far greater than income or property taxes.

And so, what are we doing here with projections of on-line sales estimated to exceed \$300 billion in only a couple years from now, State and local governments could lose as much as \$20 billion in uncollected sales tax.

So, my colleagues, please let us vote no on the Chabot amendment, as well-intended as it may be, and continue our support for the Delahunt provision.

Mr. CUNNINGHAM. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I strongly support a permanent ban on the tax of the Net. We need to free the Net. If we look at the Internet, e-commerce and technology today, it has stimulated the economy. There is an explosion of the stimulated economy.

In the year 2000, we need not to go back to an analogue system of government or an analogue system of business. Some of my colleagues have said that jobs will be threatened in small business. Small business can join the Net just like anybody else. Many already have. And the smart ones will in the future join the Net. It will benefit them and free them from unnecessary taxes.

Because I want to tell my colleagues, Madam Chairman, if we increase taxes, government at State, at local and at Federal will spend it. I absolutely guarantee they will. An increase in jobs due to the Internet actually stimulates

growth and has increased tax revenue of existing taxes. The increase in production of goods produces an increase of existing taxes.

But my friends on the other side of this issue want a brand new tax. Think of the bureaucracy alone that it would take to regulate this new tax. Some of my friends like big bureaucracy. Small business will actually benefit from taking off and freeing the Net.

I would take a look at the other side of this issue and the spin. There is a group here in Congress that has never found a tax that they do not like, never; and any tax relief that we want to give, it is only for the rich. Whether it is for a marriage penalty, whether it is for the death tax, whether it is for capital gains, whether it is for education relief and scholarships, it is only for the rich.

Well, let me tell my colleagues, the same group, my colleagues on the other side, let me put it in perspective.

In 1993, when the Democrats controlled the White House and the House and the Senate, they increased the tax on the middle class, they increased the tax on Social Security and said it was good for the country. They increased the gas tax. They even had a retroactive tax. And that was supposedly good for the country because, if we did not have those taxes, we were going to have to cut education, we were going to have to do this. But, at the same time, they increased spending.

The Vice President was the deciding vote on all of those tax increases. And yet, they will spin this that a new tax is always good for the country. I reject that, Madam Chairman.

In essence, we need to go forward in this country in the year 2000.

There is another group here, Madam Chairman, that further supports my contention that there are groups that will spin anything to increase or support a new tax. That is a group called *dsausa.org*, Democrat Socialists of America. It is on the Net. This is their Web page.

Under that Democrat Socialists of America, there are 58 Democrats that belong to the Progressive Caucus that are listed under this. Now, the Democrat Socialists of America support government control of health care, government control of education, government control of private property and, number four, the highest tax possible so that they can have the highest socialized spending.

My contention is that there are those in this body that would increase taxes at any cost, prevent tax relief at any cost, and increase spending in the Government, which has driven us into a debt of nearly national oblivion.

I rise in strong support of the underlying bill.

Mr. FRANK of Massachusetts. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, first let me announce that a prize will be given to anyone who can connect the dots between the previous speech and the subject under discussion.

As to the subject under discussion, it is whether or not we should extend a moratorium for 2 years or 5 years, and it is a moratorium which already has more than a year to go. That is, there are no advocates right now of taxing the Internet, per se.

There are many of us, nefarious organizations, one that the previous speaker did forget to mention, most of the governors of the United States, whom some people here do not trust because they believe that if the governors are allowed to continue to administer their sales taxes, they will spend us into oblivion.

But what we are talking about is not allowing taxes on the Internet as the Internet. We are talking about the dilemma we face in not being able to enforce the collection of sales tax which are conceded legally due and owing through Internet purchases.

Now, there is currently a moratorium. It expires next year. The gentleman from Massachusetts (Mr. DELAHUNT), my colleague, has offered an amendment to extend that for 2 years. The underlying bill would extend it for 5 years.

There is an amendment, the never-never land amendment, that would extend it out indefinitely. But I believe the real issue of a serious note is whether we extend it for 5 years or 2 years. That is the key, do we extend the moratorium until 2006 or until 2003.

So it is not a case of wanting to tax the Internet. It is not a case of letting the moratorium fail, even though it has no expiration date until next year. The question is whether it is a 3-year extension or a 5-year extension of a moratorium; in other words, a moratorium or a less-atorium. But it is still going to be a veto on any taxes.

The question, then, is why are some of us against a 5-year extension. The answer is this: States today depend in many cases heavily on the sales tax. There is a reason for allowing the States to collect the sales taxes that are already owing, both to finance important State activity, and also so that retailers who operate in cities and elsewhere are not at a competitive disadvantage because the purchaser has to pay a tax when, de facto, a purchaser over the Internet may not have to.

Collecting sales taxes on Internet purchases is conceptually easy but has some specifics of that to be worked out.

What we need is the participation of the people who do the retailing over the Internet and the local and State governments and others so that we can work out a sensible regime whereby sales taxes that are legally owing can be collected once, not in a duplicative

fashion, so that we do not put the Internet at any disadvantage but neither do we give them a competitive advantage over those physical retailers located in communities and so we do not detract from the revenues that States need to carry out their responsibilities.

The problem many of us feel is this: If we further extend this moratorium for 5 years and, a fortiori, if we do it forever, as the pending amendment proposes, we reduce substantially any incentive for those who have the expertise about e-retailing to participate in the negotiations we need to work out a fair system.

The retailers over the Internet will say, well, wait a minute. We are worried we may have multiple sales tax claims. People may claim we owe in this State and owe in that State. How do we find out the best way to enforce it?

By some conversations and negotiations.

The effect of passing indefinite moratoria, first until 2001 and then to 2006 and then maybe ultimately forever, will be to undermine the possibility of discussions so that we can come up with a regime not where we tax the Internet but where we fairly allow State sales taxes to be collected irrespective of where the purchase is made.

That is the goal. We do not want economic decisions to be made based on tax avoidance or tax advantage. We want them to be made based on the real economic activity. And, therefore, the legal system ought to be neutral as between physical stores in particular locations and retailers over the Internet.

□ 1400

In fact, today they are not. In fact, there is an advantage in buying over the Internet because of the difficulty of collecting the sales taxes and the uncertainties. What we are trying to achieve is a regime where there will be no such disadvantage, where the States will not be losing revenues. People have said, "Well, not that much is sold over the Internet now." But the goal, of course, is greatly to increase that. That is a perfectly legitimate goal. That ought to be a matter of consumer choice. Whether to do it through the Internet or do it through a physical location, or go back and forth. But if we allow a tax disadvantage, then we will not reach that ideal.

Mr. COX. Madam Chairman, I move to strike the requisite number of words.

I rise in support of the amendment that is pending, the Chabot amendment.

Madam Chairman, the preceding speaker began by asking whether anyone could connect the dots between the preceding speakers and the subject under discussion, then told us that the

subject under discussion was whether we should have a 2-year extension or a 5-year extension of the existing moratorium. Whereas, in fact, the subject under discussion is the Chabot amendment, and the Chabot amendment, as the author made very plain when he explained it, would make the existing moratorium on discriminatory and multiple Internet taxes permanent. It is not a question of 2 years or 5 years. The subject under debate, the current amendment, and every Member should focus on this, is whether or not to make the existing moratorium permanent. So that is mistake number one that I wanted to correct. It is, we are not debating 2003 or 2006, we are debating permanent or not.

The second thing that the gentleman said is that we should oppose either a 5-year extension or impliedly a permanent extension because States depend on sales taxes. But it is very, very important to repeat, again, as we have so many times in this debate, that neither the Chabot amendment, which is now under consideration, nor the underlying bill which it amends, nor the existing Cox-Wyden moratorium on Internet taxes, multiple and discriminatory taxes, even mentions sales taxes. Sales taxes are not covered by this amendment or by the legislation.

The third thing that the speaker mentioned is that we need to give e-tailers, that is, small businesses and businesses of all kinds that do business on the Internet, an incentive to negotiate on the sales tax question, which I think everyone in the Chamber appreciates is an important question. But doing something unfair, injurious to them and to the economy as a means of getting their attention and supposedly giving them an incentive to negotiate is hardly a legitimate means for this government to proceed. It is like offering to help you by driving a nail through your hand and then saying, I will pull it out.

The ban on multiple taxes and on discriminatory taxes is one that ought to be made permanent because it is the right thing to do. The governors agreed with me when I originally wrote the legislation that we should not have taxes on Internet access and indeed they support a permanent ban on taxes on Internet access. Governor Leavitt, as the head of the National Governors Association, has long supported a permanent ban, not just one for 2 years or 5 years, or what have you, on Internet access taxes, because he, like so many of us is, worried about the digital divide or does not wish one further to develop.

If you are interested in getting broader access to the new economy through the Internet to more Americans, we would like to keep the freight charge on getting on the Internet in the first place as low as possible. And certainly we should not have people piling on with new taxes.

Lastly, let me add to what has already been said. That not a single State in the country has enacted legislation to tax the Internet. Not one. All of these attempts to tax the Internet are illegitimate acts of bureaucrats, tax-collecting bureaucrats in the States who are reinterpreting the tax laws of those jurisdictions to apply to the Internet which AL GORE had not even invented yet when these laws were passed, but not a single State out of all 50 has passed an Internet tax in this country. That is to say, the legislature never said, "Here's the Internet, let's tax it." Instead, they have utility taxes or they have telecommunications taxes or line charges or various things that have been laying around that were designed for something else, and the bureaucrats, the tax administrators, have decided that they were going to reinterpret them cleverly to apply to the Internet, even though the legislature of the State never made any such determination.

That is why Democratic Senator RON WYDEN and Republican Congressman CHRIS COX first got together with the Internet Tax Freedom Act to say, no, there are plenty enough taxes on the books already. We do not want new taxes, either ones cooked up in the imaginations of tax bureaucrats or by legislatures that will single out the Internet for discrimination, for discriminatory treatment.

There are only three kinds of taxes that are covered in this moratorium, and I will conclude by saying this, Madam Chairman. The first is a tax on Internet access. The second is a discriminatory tax, that singles out the Internet and taxes it when a main street business would not be taxed in the same way, or a street corner would not be taxed in the same way. The last is a multiple tax where two States would tax the same commerce. Since none of us is in favor of those things, we should be in favor of the Chabot amendment. I urge all my colleagues to vote for it.

Ms. JACKSON-LEE of Texas. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, might I say to my colleagues, it is interesting. We are actually having the debate that I believe would be more appropriate in each of our respective committees. I know that the Committee on Commerce is addressing this question. I know the National Governors Association has proposals that they would like us to consider. The Committee on the Judiciary is going to have hearings next week, or the week after next. Let me say to my colleagues, if we are concerned about the 10th amendment, here is what we can do today.

Frankly, we could do nothing, which is not to have this bill on the floor of the House. But we can respect the fact that we do not have all the answers and

we could, as I had intended to do, to offer an amendment that ensures that the grandfathered States remain grandfathered, the 10 States that are the ones that have already addressed this question in the best way that they feel appropriate for garnering revenue in their respective States.

Might I, for the record, indicate that those States include Texas, Connecticut, Montana, New Mexico, Ohio, South Carolina, Tennessee, Washington and Wisconsin. I do not know what other States may have pending legislation. We have an expiration date of 2001. We could continue that expiration date with the grandfathered-in states, we could continue to have hearings and we could determine the most appropriate manner to address this question. It is not often that Members of Congress want to cite editorials, but I think it is important to note that even *The Washington Post*, which I think is known for its progressiveness and certainly would be supportive of Internet companies and access to the Internet, recognizes that the States have the ability and the rights to make some of these decisions.

For example, they cite one form that could be utilized, the answer is for the States to make their tax codes more uniform, not the rates but the definitions, what constitutes food, for example, which is often exempt, and that Congress should authorize an interstate compact. That is just one suggestion. But we are here with no suggestions and we have the Chabot amendment that wants to make it a permanent moratorium. They want to bankrupt cities and counties and States permanently. Texas is poised to lose \$1 billion. Our State comptroller says that we are getting a \$50 million revenue. Does everybody want to put all their eggs in the lottery basket? Is that what we are going to send States to, is that everybody has to depend on the big day in the lottery and see if they can get any small dollars out of that? I think that what we are doing is a great disservice. The amendment that I had intended to offer clearly spoke to the idea that States have found their way into structuring a tax system that responds to their needs.

In the instance of Texas, we even gave relief to the first \$25 access fee. I think that clearly shows that States have an intellect about this access fee and are not intending to gouge e-commerce. They want it to thrive. They want it to grow. I do not know how we could imagine that we could have a permanent moratorium without reasonable hearings and listening to the National Governors Association and answering the question.

As I indicated, Madam Chairman, I had intended to offer this amendment because, as I gathered with my constituents, the concern was to ensure that we do not bankrupt States, period.

I am encouraged by the debate on the Delahunt amendment, and I certainly do not want the Chabot perfecting amendment, permanent moratorium to pass, for I think we would be characterized as clearly doing business in the dark. We have no information that would warrant a permanent moratorium, a permanent bankruptcy of local jurisdictions or State jurisdictions.

I would therefore like to ask the gentleman from Massachusetts (Mr. DELAHUNT), in light of my concern, whether his underlying amendment speaks to the issue, one, of the question of the grandfathered States, are they still included as the present legislation has them in the main bill?

Mr. DELAHUNT. Madam Chairman, will the gentleman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from Massachusetts.

Mr. DELAHUNT. The Delahunt-Thune amendment just simply extends the current existing status quo for an additional 2 years upon the date of expiration of the current moratorium. That date is October 21, 2001.

Ms. JACKSON-LEE of Texas. Which then, as it extends, it would include already present law which is the existing grandfathered states?

Mr. DELAHUNT. It would include everything that is currently embraced by the existing moratorium.

Ms. JACKSON-LEE of Texas. I thank the gentleman.

Let me just say that in concluding, the expiration date is 2001. This gives us an extra 2 years beyond that, an opportunity for detailed work on this issue. I oppose the Chabot amendment. Vote for the Delahunt amendment and get us back to where we need to be.

Madam Chairman, I rise to raise my amendment seeking to maintain the grandfather clause permitting states that already impose Internet access taxes, to continue to do so; which I intend not to offer in order to oppose the Chabot amendment which calls for a permanent moratorium and instead support the Delahunt amendment which extends current law with the grandfathered states remaining for two years.

This bill seeks to change the current five-year moratorium prohibiting states or political subdivisions from imposing taxes on transactions conducted over the Internet. I do not support extending the moratorium through 2006 because it bars states from collecting much needed tax revenue.

Under current law, there is a limited moratorium on state and local Internet access taxes as well as multiple and discriminatory taxes imposed on Internet transactions, subject to a grandfather clause permitting states that already tax Internet access to continue such practice.

My amendment would restore the grandfathering clause of present state practices that permit the taxation of Internet access charges. The current moratorium is scheduled to expire on October 21, 2001, and was merely designed as an interim device to allow a commission to study the problem of Internet taxation.

There is simply no reason to change the law at this time. For this reason, I was concerned that this particular bill was rushed for consideration at a full judiciary mark-up.

My amendment will allow states to maintain the ability to generate vital tax revenues that fund essential state programs for the public. Many states across our nation already rely on these crucial revenue streams.

The ability of states to decide and implement their own tax policies is their right. The Congress should not enact this legislation without voting for my amendment which would allow the states of Connecticut, Montana, New Mexico, North Dakota, Ohio, South Dakota, Tennessee, Texas, Washington, and Wisconsin to continue the funding of vital services for their states.

Madam Chairman, we should not support a bill that champions the growth of an industry on the backs of hard working Americans who often do not directly benefit from the technological revolution. We must first address the digital divide in our country before we enact another measure of corporate welfare.

Mr. STEARNS. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I rise in support of the Chabot amendment. I would say to those who are against this, that there are other ways to tax these products once they get into the State of jurisdiction, either through a tax on UPS or a tax on Federal Express, there are lots of other ways to tax it. I submit also the way the tax structure is from State to State is so complicated that you cannot even understand how to even tax it.

So I think the moratorium, until we figure it out, is the way to go.

I had an amendment, Madam Chairman, to extend the 19-member advisory commission on electronic commerce. That is the proper way to do it. This commission, as we know, had the formidable task of studying the impact of sales and use tax collection on Internet sales. They made some recommendations. I am disappointed, of course, that the commission failed to gain the two-thirds majority necessary for a formal recommendation to Congress. As a result of the commission's impasse and procedural wrangling, several of the most important questions the commission was given to solve, they could not answer. For example, whether Congress should mandate simplification of sales and use tax administration and whether the existing nexus standards for interstate commerce should be overturned still have not been solved. That is why I thought the amendment was appropriate for this debate this afternoon which was not in order, the parliamentarian said it was not in order, an amendment to offer to revise and reconvene the 19-member advisory commission on electronic commerce in order to finish the task that they were assigned originally.

The underlying bill, the Chabot bill, which is to extend the moratorium forever and the Cox bill, which is to go for 5 years, I support in both cases. Without this 19-member commission reconvened, I do not think they can really start to understand some of the major questions of the Internet, mainly, the simplification of sales and use tax, and how we are going to even tax the Internet. So until we do that, we should have a moratorium on this. That is why I am very supportive of this Chabot amendment.

This goes to a larger question. If, in fact, we cannot determine to simplify taxes through the Internet and understand it, maybe that goes to the overall question of reforming the tax code in America, which would be either a flat tax or a sales tax. I submit a sales tax is based upon taxing Americans on their consumption rather than how hard they work. That would be done on a State-by-State basis, and they would make that decision. I submit, also, that a moratorium on the tax on the Internet does not preclude the States from taxing within their State on products that are brought in through either location or through Federal Express or UPS and things of that sort. I think the actual way to handle this on a larger measure is to reestablish the 19-member advisory commission on electronic commerce, let them finish the task of determining how to simplify taxes and whether there should be taxes on the Internet, finish their job and present their recommendations to Congress, and hopefully the whole landscape of electronic commerce and the Internet will become more obvious, more mainstream and technology will catch up, and the answers that we are trying to grapple with this afternoon, we will be able to solve better.

In the meantime, I think we should support the Chabot amendment. I urge adoption of it. Madam Chairman, I will draw up as a separate bill the idea of extending the 19-member commission to study the simplification of taxes on the Internet. I urge all my colleagues to support my bill.

□ 1415

Mr. KASICH. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I find myself very frustrated with this discussion, because it is my sense that in a lot of regard, we have missed the point of the debate about the Internet. When I listen to some of my colleagues talk about the need to be able to collect all these revenues, I almost think of the Pharisees in the Bible who were so hung up on the micro that they, in fact, missed the macro issues at hand.

The Internet is the engine that is helping us to generate, frankly, unprecedented economic growth, certainly unprecedented economic growth

over the period of the last several decades. The Internet has driven the growth of jobs, a million people are now employed in a sector that did not even exist 5 years ago. It is not just driving jobs in the sector affecting the Internet, but if we just look at that one, there are 1 million people who did not have jobs in this area just a few years ago. It is driving the growth of wealth. What we see happening in America for the first time in a long time is that this growth in productivity and this growth in wealth is not just affecting people at the top, but it is affecting all Americans. Everybody is better off today as a result of the growth of this economy and the growth of productivity.

What this growth in productivity has done is to lower inflation. If one is an American and one is trying to figure out how to think about the economy, look at productivity. Productivity is the ability of a worker to produce more in the same amount of time, squeezing out inflation, which gives us real economic growth and a growth in wages.

That is what has been happening in America. The single largest contributor to the growth in productivity, the growth in wealth, and the growth in wages for Americans at all levels has been information technology, the Internet. Why would we try to tax something, why would we try to abuse something, why would we try to limit something that is generating for us unprecedented growth, unprecedented wealth, unprecedented opportunity, and unprecedented individual power?

When we look at the Internet and what it offers in the area of health care and education, the benefits can be unlimited. Just yesterday, as a result of the computer and its ability to, in an exponential factor, be able to calculate, just yesterday it was announced that we have been able to isolate the gene that affects Down's syndrome. How many mothers and fathers in this country have wished that we had isolated the gene for Down's syndrome decades ago?

There are a lot of young staffers that watch this debate on the House floor, and this Internet is about you, it is about the future, it is about your power and your children's power.

People say we do not collect enough revenue. We are going to lose revenue growth. Madam Chairman, 46 States are running surpluses, they totaled \$7.5 billion from 1992 to 1998, State revenues grew by 45 percent, that is more than the growth of inflation and population combined. The States are awash in revenue. Government at all levels is growing too big, not just in Washington, but at the State level and the local level, and it should be the mission of government in the 21st century to break the hold of government, retrench government and get government to not do what we can do for ourselves, and only

to perform those functions that we cannot do for ourselves. If we tax something, we get less of it. That is precisely what we would do if we began to tax an infant industry that offers us limited potential.

Frankly, where we need to go is to let this industry grow unabated, to not have access fees and to tax the sales on the Internet. Let it grow. Let it realize its complete potential, because its potential affects each and every one of us in a very positive way. At some point, it will be necessary to look at a tax system in the 21st century that will be consistent with the growth of the new economy. To apply a 20th or a 19th century tax system to this new economy is like putting the wheels from a Volkswagen on an Indy racing car. We want that car to go as fast as it can, and our tax system in America ought to be one that is consistent with economic growth, which frankly leads us in the direction of consumption taxes, taxes that reward savings and investment, that is consistent with the new growth and new economy and the growth and the potential that we have.

Madam Chairman, I say to my colleagues, we should not have access fees, all sorts of taxes on this Internet. Let us extend the gentleman from Ohio's amendment. Let us hold up on taxing the Internet and let us give technology and individuals a chance.

Mr. ISTOOK. Madam Chairman, I have an amendment at the desk on behalf of myself and the gentleman from Maryland (Mr. CARDIN).

Mr. GOODLATTE. Madam Chairman, I reserve a point of order.

The CHAIRMAN pro tempore (Mrs. BIGGERT). The gentleman from Virginia (Mr. GOODLATTE) reserves a point of order.

There is already an amendment pending. The Chairman of the Committee of the Whole has to first dispose of the amendments pending.

Does the gentleman wish to speak on this amendment?

Mr. ISTOOK. Madam Chairman, I wish to speak on my amendment and to offer the amendment for consideration.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Oklahoma to offer an amendment notwithstanding the pendency of another amendment?

Mr. GOODLATTE. Madam Chairman, I object to the consideration of another amendment when there are two amendments pending on the floor.

The CHAIRMAN pro tempore. Objection is heard.

Does the gentleman from Oklahoma (Mr. ISTOOK) wish to speak on this amendment?

Mr. ISTOOK. Madam Speaker, I wish to offer my amendment which is at the desk. If there are no further speakers, I believe it is proper to proceed.

Mr. GOODLATTE. Madam Chairman, I would insist upon my point of order.

The CHAIRMAN pro tempore. The Chair would first put the question on the pending amendment. Another amendment is not in order at this point.

Are there any other speakers on the pending amendment?

Mr. LEVIN. Madam Chairman, there is a poignant scene in Homer's epic, *The Odyssey*, that bears mention as we consider the legislation before the House today. On his journey home, Odysseus' ship must pass by the island of the Sirens, whose beguiling song has the power to hold men spellbound to such an extent that the sea around their island is heaped with wrecks of ships that have fallen under their spell. Forewarned of the danger ahead, Odysseus stops up the ears of his crew with wax so they cannot hear the Sirens' song, and has himself bound to the ship's mast, and thus safely makes the passage.

I was reminded of this ancient narrative when I read the bill before us today. The legislation we are considering extends the Internet tax moratorium until October 21, 2006. It seeks to bind our course when the only certainty is that we haven't the faintest idea of what lies ahead. E-commerce did not exist six years ago. Who knows what it will look like six years from now? Some projections show that on-line sales could exceed \$300 billion a year by 2002. We have not adequately explored the ramifications of this legislation or considered the concerns of the vast majority of the nation's governors who seek a mechanism to level the playing field between the bricks-and-mortar shops of Main Street and the clicks-and-mortar shops of cyberspace. But the authors of this legislation have stopped their ears with wax. There were not even any hearings on this bill.

We need to chart a reasonable course. There is not yet a consensus on what course we should set on the issues of Internet taxation and state tax simplification. Clearly there is a need for an extension of the moratorium, and I actively support an extension of two years. But to stifle action for six years regardless of what might be the winds of change is not a prudent navigation of public policy. A two-year extension of the moratorium would provide us additional and hopefully sufficient time to resolve outstanding issues of considerable complexity. We can always revisit this issue and grant another extension if conditions warrant it. I therefore urge my colleagues to support the Delahunt amendment, which extends the current moratorium until October 21, 2003. We shouldn't legislate without a compass on an issue of this importance.

The CHAIRMAN pro tempore. Are there any speakers on this amendment? The Chair will put the question on the pending amendment.

The question is on the amendment offered by the gentleman from Ohio (Mr. CHABOT) to the amendment offered by the gentleman from Massachusetts (Mr. DELAHUNT).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. CHABOT. Madam Chairman, I demand a recorded vote, and pending that, I make a point of order that a quorum is not present.

The CHAIRMAN pro tempore. Pursuant to the House Resolution 496, further proceedings on the amendment offered by the gentleman from Ohio (Mr. CHABOT) and on the pending first degree amendment will be postponed.

The point of no quorum is considered withdrawn.

AMENDMENT OFFERED BY MR. ISTOOK

Mr. ISTOOK. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ISTOOK:

After section 3 insert the following:

**SEC. 4. STREAMLINED NON-MULTIPLE AND NON-DISCRIMINATORY TAX SYSTEMS.**

It is the Sense of Congress that a State tax relating to electronic commerce, to avoid being multiple or discriminatory, should include the following:

(1) a centralized, one-step, multi-state registration system for sellers;

(2) uniform definitions for goods or services that might be included in the tax base;

(3) uniform and simple rules for attributing transactions to particular taxing jurisdictions;

(4) uniform rules for the designation and identification of purchasers exempt from the Non-multiple and Non-discriminatory tax system, including a database of all exempt entities and a rule ensuring that reliance on such database shall immunize sellers from liability;

(5) uniform procedures for the certification of software that sellers rely on to determine Non-multiple and Non-discriminatory taxes and taxability;

(6) uniform bad debt rules;

(7) uniform tax returns and remittance forms;

(8) consistent electronic filing and remittance methods;

(9) state administration of all Non-multiple and Non-discriminatory taxes;

(10) uniform audit procedures;

(11) reasonable compensation for tax collection that reflects the complexity of an individual state's tax structure, including the structure of its local taxes;

(12) exemption from use tax collection requirements for remote sellers falling below a specified de minimis threshold;

(13) appropriate protections for consumer privacy; and

(14) such other features that the member states deem warranted to remote simplicity, uniformity, neutrality, efficiency, and fairness.

Mr. ISTOOK (during the reading). Madam Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The CHAIRMAN pro tempore. Considering the remaining time, the gentleman from Oklahoma (Mr. ISTOOK) is recognized for 3 minutes in support of his amendment, and the Chair will recognize a Member opposed for 3 minutes.

Mr. GOODLATTE. Madam Chairman, I reserve a point of order on the amendment.

The CHAIRMAN pro tempore. The gentleman from Virginia (Mr. GOODLATTE) reserves a point of order.

PARLIAMENTARY INQUIRY

Mr. FRANK of Massachusetts. Madam Chairman, parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state it.

Mr. FRANK of Massachusetts. Is there a copy of this available? We do not have a copy over here.

Mr. ISTOOK. Madam Chair, I will make sure an additional copy is sent to the gentleman immediately.

Mr. FRANK of Massachusetts. The gentleman could e-mail it to me.

Mr. ISTOOK. Madam Chair, I would if I had a terminal right here.

The CHAIRMAN pro tempore. The gentleman from Oklahoma (Mr. ISTOOK) is recognized for 3 minutes.

Mr. ISTOOK. Madam Chairman, this is the amendment that has the support of the governors who have serious concerns about this legislation, and also of the retail merchants who seek nothing but fairness in this. We should not discriminate against those who do business via the Internet, nor should we discriminate against those who do business outside of the Internet.

Now, as has been brought forward, the big problem with the underlying legislation is that it tries to take an easy thing, saying we do not discriminate against the Internet and ignore the difficult task of resolving the difficulties of equal treatment, a level playing field.

As has been proposed by the governors, and proposed by retail merchants, and we have letters of endorsement from them, we need something that they know is a road map. This is how we do it uniformly and fairly. As the legislation sense of Congress specifies, it would be through a centralized, multi-State registration system for sellers, uniform definitions for goods and services that are subjected to a potential tax; uniform and simple rules for attributing transactions to one jurisdiction and one jurisdiction only, so there would be no multiple taxation and no discriminatory taxation; similarly, uniformity which the States frequently do through the Commission on uniform laws.

Madam Chairman, this is simply Congress trying to give a road map. That is what people have been crying out for. We want to do things in a fair, non-discriminatory fashion. Just give us some assistance in doing so instead of saying no. That is what this is. It is a sense of Congress. It is not binding, but it certainly gives the States and retailers guidance. I am pleased that it has support of the E-Fairness Coalition, the National Retail Merchants Federation, the International Mass Retail Association, governors and others with an issue at stake in this. After all, Madam Chairman, the underlying registration, who does it restrict? It restricts the governors, the State legislators, the mayors, the city council members, the

county commissioners. It basically says, we are not going to let you make decisions on your own taxes in your own State. That violates the 10th amendment to the Constitution, reserving the rights of the States which do not properly belong to the Federal Government.

This amendment would go a great deal forward in fixing the underlying problems that this legislation attempts to ignore. Madam Chairman, I think that it is hard to imagine how anybody would oppose this. We have certainly worked diligently with the Parliamentarian to make sure that it is in order and within the House rules of germaneness and all of the other rules, and I certainly believe that it is time that we move ahead with its adoption.

Mr. NADLER. Madam Chairman, I rise to strike the last word.

The CHAIRMAN pro tempore. Is the gentleman in opposition?

Mr. NADLER. No, Madam Chairman, I am in support.

The CHAIRMAN pro tempore. Is there a Member in opposition?

Mr. GOODLATTE. Madam Chairman, I rise in opposition.

PARLIAMENTARY INQUIRY

Mr. NADLER. Madam Chairman, parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state it.

Mr. NADLER. When we are under the 5-minute rule, what rule says a Member has to be in support or opposition to be recognized first?

The CHAIRMAN pro tempore. The Chair stated prior to debate on the amendment that the gentleman would speak in support of his amendment for 3 minutes and then the opposition would have 3 minutes.

Mr. NADLER. Madam Chair, I do not recall any such unanimous consent request.

The CHAIRMAN pro tempore. The Chair exercised her discretion to divide the time because of the shortness of time remaining under the rule. That is the ruling of the Chair and there is precedent for it.

Mr. NADLER. Madam Chairman, in light of the fact that the other side of the aisle refused a unanimous consent request to have a reasonable limit on debate on the last amendment so that we can have proper time here, and there is no unanimous consent request, I believe that the Chair is not in order in using discretion to impose a time limit like that.

The CHAIRMAN pro tempore. It has been the long-standing practice of the Chair in its discretion to divide the time equally when there is a time limit placed on the bill.

Mr. NADLER. Could the Chair specify the rule that permits that, please, in the absence of unanimous consent.

The CHAIRMAN pro tempore. It is the practice of the Chair under modern record precedent.

PARLIAMENTARY INQUIRY

Mr. FRANK of Massachusetts. Parliamentary inquiry, Madam Chair.

The CHAIRMAN pro tempore. The gentleman will state it.

Mr. FRANK of Massachusetts. Officially, what time is it now?

The CHAIRMAN pro tempore. There is 1 minute remaining.

Mr. FRANK of Massachusetts. So 1 minute remains to debate, and then the vote. I thank the Chairperson.

□ 1430

The CHAIRMAN pro tempore (Mrs. BIGGERT). The gentleman from Virginia (Mr. GOODLATTE) is recognized in opposition for the remainder of the time.

Mr. GOODLATTE. Madam Chairman, I rise in strong opposition to this amendment.

Madam Chairman, this is extraneous to the purpose of this bill. This bill is not about sales taxes on the Internet. The gentleman has attempted to craft this in such a way that it does not cover sales taxes, but this is an issue that we have not gotten into.

We have announced that we are going to hold hearings on this. We would love to have the gentleman's participation in the process, but this amendment is not germane to the legislation at hand.

I strongly urge my colleagues not to adopt an amendment which has not been examined or properly debated.

Madam Chairman, I yield back the balance of my time.

Mr. NADLER. Madam Chairman.

The CHAIRMAN pro tempore. The gentleman from New York.

Mr. NADLER. Madam Chairman, the whole point of this debate is that when the Internet Moratorium Act was passed 2½ years ago, the commission was charged with recommending a fair and equitable and nonburdensome way of giving equal taxation for the Internet and non-Internet, insofar as State sales taxes are concerned. This amendment is essential so when we are extending the Internet, whether for 2 years or 5 years, or whether we are extending the moratorium, whether for 2 years or 5 years or permanently, we at least have some basis for saying we are going to look also at the entire question which is intimately associated with this question.

Mr. CARDIN. Madam Chairman, yesterday I received a fax in my office from an organization supporting this bill. I expect each member of the House received the same fax.

Across the top of the page, in big, bold letters, the fax read, "NO MORE TAXES! VOTE 'YES' ON H.R. 3709."

The text of the message says that the bill is needed because it will "allow Americans to continue to make purchases without overreaching taxes." The problem with the message is that it adds to the confusion and misinformation that surrounds this issue.

Anyone who reads the message would reasonably conclude that the purchases of goods over the Internet are currently exempt from

State sales and use taxes, and that the moratorium will prevent the imposition of any taxes on these transactions.

The problem is that all but five states already have taxes on the books that legally apply to purchases made over the Internet. For reasons arising under the 1992 Supreme Court decision in the case *Quill v. North Dakota*, those taxes are not usually paid or collected. The most important issue considered—but not resolved—by the Advisory Commission on Electronic Commerce, was the question of how to continue the tremendous growth of the Internet as an economic force while assuring a level playing field between different forms of retailers.

With more than 6,500 state and local sales and use tax regimes across the country, there is no question that simplification and uniformity are desperately needed. The massive complexity and inefficiency of the current system imposes an unreasonable burden on the retailers who are required, because they have "physical nexus" in jurisdictions across the country. At the same time, it presents an absurd challenge to on-line or mail order retailers who compete with "brick and mortar" retailers.

There is a growing consensus that the states must develop a simplified tax system, along the lines of the Uniform Commercial Code, that will make compliance feasible. I had the benefit of hearing a full discussion of these issues at a meeting two weeks ago with business leaders, state tax officials, and the chairs of the tax-writing committees in Maryland's State Legislature. Coming out of that meeting, I am convinced that it is in the interest of fairness to all retailers, as well as of the state and local governments which depend on the revenues generated by sales taxes for education and law enforcement, for us to resolve this problem.

The amendment that I have offered with the gentleman from Oklahoma, Mr. ISTOOK, expresses the sense of Congress that the States should develop a streamlined, non-multiple and non-discriminatory tax system. This amendment is a needed expression of our understanding of the need both to protect the crucial revenue sources of the states, as well as to move toward a level playing field between all retailers, regardless of whether they are on-line or in the neighborhood.

We had hoped to include in the amendment language expressing the sense of the Congress that once the states develop such a non-multiple, non-discriminatory tax system, the bar against fair application of the sales taxes presented by the *Quill* decision would be removed. The language we had hoped to propose would have expressed Congress's finding "that if states adopt the streamlined system . . . , such a system does not place an undue burden on interstate commerce or burden the growth of electronic commerce and related technologies in any material way." Unfortunately, to comply with the germaneness requirements of the House rules, we were forced to drop that language.

I urge support for the amendment as a necessary step in the continuing effort to adjust the existing tax system to reflect the new reality of the Internet economy.

The CHAIRMAN pro tempore. The time for consideration of this bill

under the 5-minute rule as established by House Resolution 496 has expired.

The CHAIRMAN pro tempore. The Chair will now put the question on the pending amendment.

The question is on the amendment offered by the gentleman from Oklahoma (Mr. ISTOOK).

The question was taken; and the Chairman pro tempore announced that the ayes appear to have it.

Mr. CHABOT. Madam Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to House Resolution 496, further proceedings on the amendment offered by the gentleman from Oklahoma (Mr. ISTOOK) will be postponed.

SEQUENTIAL VOTES POSTPONED IN THE COMMITTEE OF THE WHOLE

The CHAIRMAN pro tempore. Pursuant to House Resolution 496, proceedings will now resume on those amendments on which further proceedings were postponed in the following order:

The second degree amendment offered by Mr. CHABOT of Ohio;

First degree amendment offered by Mr. DELAHUNT of Massachusetts;

Amendment offered by Mr. ISTOOK of Oklahoma.

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT OFFERED BY MR. CHABOT TO THE AMENDMENT OFFERED BY MR. DELAHUNT

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Ohio (Mr. CHABOT) to the amendment offered by the gentleman from Massachusetts (Mr. DELAHUNT) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will designate the amendment to the amendment.

The Clerk designated the amendment to the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 90, noes 336, not voting 8, as follows:

[Roll No. 155]

AYES—90

Aderholt	Cunningham	Herger
Barr	Davis (VA)	Hill (MT)
Barrett (NE)	DeLay	Hilleary
Bartlett	DeMint	Horn
Bilbray	Diaz-Balart	Kasich
Boehner	Dickey	Kingston
Bono	Doolittle	Kuykendall
Burton	Fletcher	Linder
Cannon	Forbes	Martinez
Chabot	Fossella	McCollum
Chambliss	Franks (NJ)	McInnis
Chenoweth-Hage	Goode	McKinney
Coburn	Goodlatte	Metcalf
Collins	Goodling	Mica
Combest	Graham	Miller (FL)
Cook	Hastings (WA)	Miller, Gary
Cox	Hayworth	Nethercutt
Crane	Hefley	Packard

Pease	Schaffer	Stearns
Peterson (PA)	Sensenbrenner	Sununu
Pitts	Shadegg	Tancredo
Pombo	Shays	Tauzin
Radanovich	Sherwood	Taylor (NC)
Rogan	Simpson	Terry
Rohrabacher	Skeen	Toomey
Ros-Lehtinen	Smith (MI)	Upton
Royce	Smith (NJ)	Walden
Ryan (WI)	Smith (TX)	Weldon (FL)
Salmon	Souder	Weller
Scarborough	Stabenow	Wolf

NOES—336

Abercrombie	Dooley	Kildee
Ackerman	Doyle	Kilpatrick
Allen	Dreier	Kind (WI)
Andrews	Duncan	King (NY)
Archer	Dunn	Klecza
Armey	Edwards	Klink
Baca	Ehlers	Knollenberg
Bachus	Ehrlich	Kolbe
Baird	Emerson	Kucinich
Baker	Engel	LaFalce
Baldacci	English	LaHood
Baldwin	Eshoo	Lampson
Ballenger	Etheridge	Lantos
Barcia	Evans	Largent
Barrett (WI)	Everett	Larson
Barton	Ewing	Latham
Bass	Farr	LaTourette
Bateman	Filmer	Lazio
Becerra	Foley	Leach
Bentsen	Ford	Lee
Bereuter	Fowler	Levin
Berkley	Frank (MA)	Lewis (CA)
Berman	Frelinghuysen	Lewis (KY)
Berry	Frost	Lipinski
Biggert	Galleghy	LoBiondo
Bilirakis	Ganske	Lofgren
Bishop	Gejdenson	Lowe
Blagojevich	Gekas	Lucas (KY)
Bliley	Gephardt	Luther
Blumenauer	Gibbons	Maloney (CT)
Blunt	Gilchrest	Maloney (NY)
Boehlert	Gillmor	Manzullo
Bonilla	Gilman	Marky
Bonior	Gonzalez	Mascara
Borski	Gordon	Matsui
Boswell	Goss	McCarthy (MO)
Boucher	Granger	McCarthy (NY)
Boyd	Green (TX)	McCreery
Brady (PA)	Green (WI)	McDermott
Brady (TX)	Greenwood	McGovern
Brown (FL)	Gutierrez	McHugh
Brown (OH)	Gutknecht	McIntosh
Bryant	McIntyre	Hall (OH)
Burr	McKeon	Hall (TX)
Buyer	McNulty	Hansen
Callahan	Meehan	Hastings (FL)
Calvert	Meeks (NY)	Hayes
Camp	Hill (IN)	Hill (IN)
Canady	Hilliard	Menendez
Capps	Hinche	Millender-
Capuano	Hinojosa	McDonald
Cardin	Hobson	Miller, George
Carson	Hoeffel	Minge
Castle	Hoekstra	Mink
Clay	Holden	Moakley
Clayton	Holt	Mollohan
Clement	Hoolley	Moore
Clyburn	Hostettler	Moran (KS)
Coble	Houghton	Morella
Condit	Hoyer	Murtha
Conyers	Hulshof	Myrick
Cooksey	Hunter	Nadler
Costello	Hutchinson	Napolitano
Coyne	Hyde	Neal
Cramer	Inslee	Ney
Crowley	Isakson	Northup
Cubin	Istook	Norwood
Cummings	Jackson (IL)	Nussle
Danner	Jackson-Lee	Oberstar
Davis (FL)	(TX)	Obey
Davis (IL)	Jefferson	Olver
Deal	Jenkins	Ortiz
DeFazio	John	Ose
DeGette	Johnson (CT)	Owens
Delahunt	Johnson, E. B.	Oxley
DeLauro	Johnson, Sam	Pallone
Deutsch	Jones (NC)	Pascarell
Dicks	Jones (OH)	Pastor
Dingell	Kanjorski	Paul
Dixon	Kaptur	Payne
Doggett	Kelly	Pelosi
		Peterson (MN)

Petri	Saxton	Thurman
Phelps	Schakowsky	Tiahrt
Pickering	Scott	Tierney
Pickett	Serrano	Towns
Pomeroy	Sessions	Trafiacant
Porter	Shaw	Turner
Portman	Sherman	Udall (CO)
Price (NC)	Shimkus	Udall (NM)
Pryce (OH)	Shows	Velázquez
Quinn	Shuster	Vento
Rahall	Sisisky	Visclosky
Ramstad	Skelton	Vitter
Rangel	Slaughter	Walsh
Regula	Smith (WA)	Wamp
Reyes	Snyder	Waters
Reynolds	Spence	Watkins
Riley	Spratt	Watt (NC)
Rivers	Stark	Watts (OK)
Rodriguez	Stenholm	Waxman
Roemer	Strickland	Weiner
Rogers	Stump	Weldon (PA)
Rothman	Stupak	Wexler
Roukema	Sweeney	Weygand
Talent	Talent	Whitfield
Rush	Tanner	Wicker
Ryun (KS)	Tauscher	Wilson
Sabo	Taylor (MS)	Woolsey
Sanchez	Thomas	Wu
Sanders	Thompson (CA)	Wynn
Sandlin	Thompson (MS)	Young (AK)
Sanford	Thornberry	Young (FL)
Sawyer	Thune	

NOT VOTING—8

Campbell	Lewis (GA)	Moran (VA)
Fattah	Lucas (OK)	Wise
Kennedy	Meek (FL)	

□ 1455

Messrs. SPENCE, OLVER, McKEON, BERMAN and PICKERING changed their vote from “aye” to “no.”

Messrs. HEFLEY, GOODLATTE, DAVIS of Virginia, PACKARD, BURTON of Indiana, and Ms. MCKINNEY changed their vote from “no” to “aye.”

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. DELAHUNT

The CHAIRMAN pro tempore (Mrs. BIGGERT). The question is on the amendment offered by the gentleman from Massachusetts (Mr. DELAHUNT).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. DELAHUNT. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 208, noes 219, not voting 8, as follows:

[Roll No. 156]

AYES—208

Abercrombie	Blumenauer	Clayton
Ackerman	Boehlert	Clement
Allen	Bonior	Clyburn
Andrews	Borski	Coble
Baca	Boswell	Condit
Baird	Boyd	Conyers
Baker	Brady (PA)	Coyne
Baldacci	Brady (TX)	Cramer
Baldwin	Brown (FL)	Crowley
Barrett (WI)	Brown (OH)	Cummings
Becerra	Burr	Danner
Bentsen	Capps	Davis (FL)
Berkley	Capuano	Davis (IL)
Berman	Cardin	DeGette
Berry	Carson	Delahunt
Bishop	Castle	DeLauro
Blagojevich	Clay	Dickey

Dicks  
Dixon  
Doggett  
Dooley  
Doyle  
Duncan  
Edwards  
Emerson  
Engel  
Etheridge  
Evans  
Farr  
Filner  
Foley  
Ford  
Fowler  
Frank (MA)  
Frost  
Ganske  
Gephardt  
Gillmor  
Gonzalez  
Gordon  
Green (TX)  
Greenwood  
Gutierrez  
Hall (OH)  
Hall (TX)  
Hastings (FL)  
Hill (IN)  
Hinchey  
Hinojosa  
Hoeffel  
Holden  
Holt  
Hoyer  
Istook  
Jackson (IL)  
Jackson-Lee (TX)  
Jenkins  
John  
Johnson, E. B.  
Jones (NC)  
Jones (OH)  
Kanjorski  
Kaptur  
Kennedy  
Kildee  
Kilpatrick  
Kind (WI)  
King (NY)  
Klecza  
Klink  
Kucinich  
LaFalce  
Lampson  
Lantos  
Larson  
Latham  
Leach  
Lee  
Levin  
Lewis (GA)  
Lewis (KY)  
Lowey  
Luther  
Maloney (CT)  
Maloney (NY)  
Markey  
Mascara  
Matsui  
McCarthy (MO)  
McDermott  
McGovern  
McKinney  
McNulty  
Millender-McDonald  
Miller, George  
Minge  
Mink  
Moakley  
Moore  
Moran (KS)  
Myrick  
Nadler  
Napolitano  
Neal  
Ney  
Nussle  
Oberstar  
Obey  
Olver  
Ortiz  
Owens  
Pallone  
Pascrell  
Pastor  
Paul  
Payne  
Peterson (MN)  
Pickett  
Porter  
Price (NC)  
Pryce (OH)  
Rahall  
Rangel  
Regula  
Reyes  
Rodriguez  
Roemer  
Rogers  
Rothman  
Roybal-Allard  
Rush  
Sabo  
Sanchez  
Sanders  
Sandlin  
Sanford  
Sawyer  
Schakowsky  
Scott  
Serrano  
Sherman  
Shows  
Shuster  
Skelton  
Slaughter  
Snyder  
Spratt  
Stark  
Stenholm  
Stupak  
Tanner  
Tauscher  
Thompson (CA)  
Thompson (MS)  
Thune  
Thurman  
Tierney  
Turner  
Udall (CO)  
Udall (NM)  
Velazquez  
Vento  
Visclosky  
Waters  
Watkins  
Watt (NC)  
Waxman  
Weiner  
Wexler  
Weygand  
Whitfield  
Wilson  
Woolsey  
Wynn

McCarthy (NY)  
McCollum  
McCrery  
McHugh  
McInnis  
McIntosh  
McIntyre  
McKeon  
Meehan  
Meeks (NY)  
Menendez  
Metcalf  
Mica  
Miller (FL)  
Miller, Gary  
Mollohan  
Morella  
Murtha  
Nethercutt  
Northrup  
Norwood  
Ose  
Oxley  
Packard  
Pease  
Pelosi  
Peterson (PA)  
Petri  
Phelps  
Pickering  
Pitts  
Pombo  
Pomeroy  
Portman  
Quinn  
Radanovich  
Ramstad  
Reynolds  
Riley  
Rivers  
Rogan  
Rohrabacher  
Ros-Lehtinen  
Roukema  
Royce  
Ryan (WI)  
Ryan (KS)  
Salmon  
Saxton  
Scarborough  
Schaffer  
Sensenbrenner  
Sessions  
Shadegg  
Shaw  
Shays  
Sherwood  
Shimkus  
Simpson  
Sisisky  
Skeen  
Smith (MI)  
Smith (NJ)  
Smith (TX)  
Smith (WA)  
Souder

Spence  
Stabenow  
Stearns  
Strickland  
Stump  
Sununu  
Sweeney  
Talent  
Tancredo  
Tauzin  
Taylor (MS)  
Taylor (NC)  
Terry  
Thomas  
Thornberry  
Tiahrt  
Toomey  
Towns  
Traficant  
Upton  
Vitter  
Walden  
Walsh  
Wamp  
Watts (OK)  
Weldon (FL)  
Weldon (PA)  
Weller  
Wicker  
Wolf  
Wu  
Young (AK)  
Young (FL)  
Brady (TX)  
Brown (FL)  
Brown (OH)  
Bryant  
Burton  
Buyer  
Capps  
Cardin  
Carson  
Castle  
Chambliss  
Chenoweth-Hage  
Clay  
Clayton  
Clement  
Clyburn  
Coburn  
Condit  
Conyers  
Costello  
Coyne  
Cramer  
Crowley  
Cubin  
Cummings  
Danner  
Davis (FL)  
Davis (IL)  
DeFazio  
DeGette  
Delahunt  
DeLauro  
Deutsch  
Diaz-Balart  
Dicks  
Dingell  
Dixon  
Dooley  
Doyle  
Duncan  
Dunn  
Edwards  
Ehlers  
Emerson  
Engel  
Eshoo  
Etheridge  
Evans  
Ewing  
Farr  
Filner  
Foley  
Ford  
Fowler  
Frank (MA)  
Frost  
Gallegly  
Ganske  
Gejdenson  
Gephardt  
Gilchrest  
Gillmor  
Gonzalez  
Gordon  
Green (TX)  
Greenwood  
Hall (OH)  
Hall (TX)  
Hastings (FL)  
Hastings (WA)  
Hill (IN)  
Hilleary  
Hilliard  
Hinchey  
Hinojosa  
Hoeffel  
Hoekstra  
Holden  
Holt  
Hooley  
Hostettler  
Hoyer  
Hulshof  
Hutchinson  
Hyde  
Isakson

NOT VOTING—8  
Bachus  
Campbell  
Fattah  
Gekas  
Lucas (OK)  
Meek (FL)  
Moran (VA)  
Wise

□ 1504

Mr. SIMPSON, Mr. HILLIARD, and Mrs. McCARTHY of New York changed their vote from “aye” to “no”.  
Mr. ABERCROMBIE and Mr. EDWARDS changed their vote from “no” to “aye”.  
So the amendment was rejected.  
The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. ISTOOK

The CHAIRMAN pro tempore (Mrs. BIGGERT). The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Oklahoma (Mr. ISTOOK) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will designate the amendment.  
The Clerk designated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.  
A recorded vote was ordered.  
The CHAIRMAN pro tempore. This is a 5-minute vote.  
The vote was taken by electronic device, and there were—ayes 289, noes 138, not voting 7, as follows:

[Roll No. 157]  
AYES—289

NOES—219  
Aderholt  
Archer  
Armey  
Ballenger  
Barcia  
Barr  
Barrett (NE)  
Bartlett  
Barton  
Bass  
Bateman  
Bereuter  
Biggert  
Bilbray  
Bilirakis  
Bliley  
Blunt  
Boehner  
Bonilla  
Bono  
Boucher  
Bryant  
Burton  
Buyer  
Callahan  
Calvert  
Camp  
Canady  
Cannon  
Chabot  
Chambliss  
Chenoweth-Hage  
Coburn  
Collins  
Combest  
Cook  
Cooksey  
Costello  
Cox  
Crane  
Cubin  
Cunningham  
Davis (VA)  
Deal  
DeFazio  
DeLay  
DeMint  
Deutsch  
Diaz-Balart  
Dingell  
Doolittle  
Dreier  
Dunn  
Ehlers  
Ehrlich  
English  
Eshoo  
Everett  
Ewing  
Fletcher  
Forbes  
Fossella  
Franks (NJ)  
Frelinghuysen  
Gallegly  
Gejdenson  
Gibbons  
Gilchrest  
Gilman  
Goode  
Goodlatte  
Goodling  
Goss  
Graham  
Granger  
Green (WI)  
Gutknecht  
Hansen  
Hastert  
Hastings (WA)  
Hayes  
Hayworth  
Hefley  
Herger  
Hill (MT)  
Hilleary  
Hilliard  
Hobson  
Hoekstra  
Hooley  
Horn  
Hostettler  
Houghton  
Hulshof  
Hunter  
Hutchinson  
Hyde  
Inlee  
Isakson  
Jefferson  
Johnson (CT)  
Johnson, Sam  
Kasich  
Kelly  
Kingston  
Knollenberg  
Kolbe  
Kuykendall  
LaHood  
Largent  
LaTourrette  
Lazio  
Lewis (CA)  
Linder  
Lipinski  
LoBiondo  
Lofgren  
Lucas (KY)  
Manzullo  
Martinez

Ackerman  
Aderholt  
Allen  
Andrews  
Baca  
Bachus  
Baird  
Baker  
Baldacci  
Baldwin  
Ballenger  
Barcia  
Barrett (NE)  
Barrett (WI)  
Barton  
Bateman  
Becerra  
Bentsen  
Bereuter  
Berkley  
Berman  
Berry  
Bilirakis  
Bishop  
Blagojevich  
Blumenauer  
Boehler  
Bonior  
Borsini  
Boswell  
Boucher  
Boyd  
Brady (PA)

Istook  
Jackson (IL)  
Jackson-Lee (TX)  
Jefferson  
Jenkins  
John  
Johnson (CT)  
Johnson, E. B.  
Jones (NC)  
Jones (OH)  
Kanjorski  
Kennedy  
Kildee  
Kilpatrick  
Kind (WI)  
King (NY)  
Klecza  
Klink  
Largent  
Larson  
Latham  
LaTourette  
Leach  
Lee  
Lewis (CA)  
Lewis (GA)  
Lewis (KY)  
Lowey  
Lucas (KY)  
Luther  
Maloney (CT)  
Maloney (NY)  
Markey  
Martinez  
Mascara  
Matsui  
McCarthy (MO)  
McCarthy (NY)  
McCrery  
McDermott  
McGovern  
McIntyre  
McKinney  
McNulty  
Meehan  
Meeks (NY)  
Menendez  
Metcalf  
Millender-McDonald  
Miller, George  
Minge  
Mink  
Moakley  
Mollohan  
Moore  
Moran (KS)  
Morella  
Murtha  
Myrick  
Nadler  
Napolitano  
Ney  
Norwood  
Nussle  
Oberstar  
Obey  
Olver  
Ortiz  
Ose  
Owens  
Pallone  
Pascrell  
Pastor  
Paul  
Payne  
Pelosi  
Peterson (MN)  
Petri  
Phelps  
Pickett  
Pomeroy  
Price (NC)  
Pryce (OH)  
Rahall  
Ramstad  
Rangel  
Regula  
Reyes  
Riley  
Rivers  
Rodriguez  
Roemer  
Rogers  
Ros-Lehtinen  
Rothman  
Roybal-Allard  
Rush  
Ryan (WI)  
Sabo  
Sanchez  
Sanders  
Sandlin  
Sawyer  
Schakowsky  
Scott  
Serrano  
Shaw  
Sherman  
Shimkus  
Shows  
Shuster  
Sisisky  
Skelton  
Slaughter  
Smith (MI)  
Smith (WA)  
Snyder  
Souder  
Spence  
Spratt  
Stabenow  
Stenholm  
Stupak  
Sweeney  
Talent  
Tanner  
Tauscher  
Taylor (MS)  
Taylor (NC)  
Thomas  
Thompson (CA)  
Thompson (MS)  
Thune  
Thurman  
Tierney  
Towns  
Traficant  
Turner  
Udall (CO)  
Udall (NM)  
Velazquez  
Vento  
Visclosky  
Vitter  
Walsh  
Wamp  
Waters  
Watkins  
Watt (NC)  
Watts (OK)  
Waxman  
Weiner  
Weldon (PA)  
Wexler  
Weygand  
Wicker  
Wilson  
Woolsey  
Wu  
Wynn  
Young (AK)  
Young (FL)

NOES—138

Abercrombie  
Archer  
Armey  
Barr  
Bartlett  
Bass  
Biggert  
Bilbray  
Bliley  
Blunt  
Boehner  
Bonilla  
Bono  
Burr  
Callahan  
Calvert  
Camp  
Canady  
Cannon  
Capuano  
Chabot

Coble	Hefley	Portman
Collins	Herger	Quinn
Combest	Hill (MT)	Radanovich
Cook	Hobson	Reynolds
Cooksey	Horn	Rogan
Cox	Houghton	Rohrabacher
Crane	Hunter	Roukema
Cunningham	Inslee	Royce
Davis (VA)	Johnson, Sam	Ryun (KS)
Deal	Kaptur	Salmon
DeLay	Kasich	Sanford
DeMint	Kelly	Saxton
Dickey	Kingston	Scarborough
Doggett	Knollenberg	Schaffer
Doolittle	Kolbe	Sensenbrenner
Dreier	Kuykendall	Sessions
Ehrlich	Lazio	Shadegg
English	Levin	Shays
Everett	Linder	Sherwood
Fletcher	Lipinski	Simpson
Forbes	LoBiondo	Skeen
Fossella	Lofgren	Smith (NJ)
Franks (NJ)	Manzullo	Smith (TX)
Frelinghuysen	McCollum	Stearns
Gekas	McHugh	Strickland
Gibbons	McInnis	Stump
Gilman	McIntosh	Sununu
Goode	McKeon	Tancredo
Goodlatte	Mica	Tauzin
Goodling	Miller (FL)	Terry
Goss	Miller, Gary	Thornberry
Graham	Northup	Tiahrt
Granger	Oxley	Toomey
Green (WI)	Packard	Upton
Gutierrez	Pease	Walden
Gutknecht	Peterson (PA)	Weldon (FL)
Hansen	Pickering	Weller
Hayes	Pitts	Whitfield
Hayworth	Pombo	Wolf

NOT VOTING—7

Campbell	Meek (FL)	Wise
Fattah	Moran (VA)	
Lucas (OK)	Stark	

□ 1512

Mr. DICKEY changed his vote from "aye" to "no".

The amendment was agreed to. The result of the vote was announced as above recorded.

Stated for:

Mr. LEVIN. Madam chairman, on rollcall No. 157, the Istook Amendment, I unintentionally cast my vote as "no" when I intended to vote "aye."

The CHAIRMAN pro tempore. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN pro tempore. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. GILLMOR) having assumed the chair, Mrs. BIGGERT, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3709) to make permanent the moratorium enacted by the Internet Tax Freedom Act as it applies to new, multiple, and discriminatory taxes on the Internet, pursuant to House Resolution 496, she reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on the amendment to the committee amend-

ment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The CHAIRMAN pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

□ 1515

MOTION TO RECOMMIT OFFERED BY MR. CONYERS

Mr. CONYERS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore (Mr. GILLMOR). Is the gentleman opposed to the bill?

Mr. CONYERS. Yes, sir.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CONYERS moves to recommit the bill to the Committee on the Judiciary with instructions to report back forthwith with the following amendment:

Page 2, line 15, strike "5-YEAR" and insert "2-YEAR".

Page 2, line 23, strike "2006" and insert "2003".

The SPEAKER pro tempore. The gentleman from Michigan (Mr. CONYERS) is recognized for 5 minutes on his motion to recommit.

Mr. CONYERS. Mr. Speaker, this is a motion to recommit, which is a very simple solution to the Delahunt amendment, which was nearly accepted by eight votes a few minutes ago.

My motion would extend the present moratorium on Internet access taxes and multiple discriminatory taxes for 2 years, from 2001 to 2003, but would eliminate the grandfathering of State access taxes, unlike that which was in the Delahunt amendment, which just recently failed.

By taking the grandfathering out, my colleagues, I suggest that we have an excellent conclusion to a very difficult problem; namely, to continue to work on this not for 6 or 7 years, but for only 2 years, and to eliminate the grandfathering of the State access taxes that were included in the Delahunt amendment, which many of us supported.

I urge that we support this motion to recommit, because I think it will marry the best of both of these provisions.

Mr. NADLER. Mr. Speaker, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from New York, the ranking subcommittee member on the Committee on the Judiciary.

Mr. NADLER. Mr. Speaker, the central question of this bill is twofold: One, will we protect the Internet from multiple and discriminatory taxes? And I think we all agree the answer is

we must do that. And, two, will we set it up in such a way that the States will not be prevented from levying appropriate but nondiscriminatory and non-burdensome sales taxes on transactions over the Internet so that the tax bases are not destroyed, and so that all the local malls and stores are not discriminated against?

A 2-year moratorium gives us the time to work that out without allowing practices to become so set that it is impossible to deal with that question later. So that is why we ought to adopt this motion to recommit for 2 years. And unlike the previous 2-year amendment, it does not grandfather in those multiple taxes in certain States.

So for a 2-year moratorium to deal with these questions and help small businesses all over the country, my colleagues should vote for this recommitment motion.

Mr. CONYERS. Reclaiming my time, Mr. Speaker, I tell my colleagues that we cannot stop the information highway progress by hobbling it with taxes. Our proposal would reach the support of the governors of the labor movement, of the retailers, of the small business people who cannot wait for 6 or 7 years.

Support this motion to recommit, which would limit the moratorium to 2 years and eliminate the grandfathering provision.

Mr. ISTOOK. Mr. Speaker, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Oklahoma.

Mr. ISTOOK. Mr. Speaker, I thank the gentleman for yielding to me, and I think everyone should be clear, Mr. Speaker. Previously we voted on the Delahunt amendment. It was two things in one. It was changing the 5-year moratorium to 2 years, and it was eliminating the, and I guess it is a double negative, it was eliminating the elimination of the grandfather clause. But what we have now in the motion to recommit is one thing and only one thing. It changes the proposed 5-year additional moratorium to 2 years.

So, instead of a moratorium that expires in October of 2006, it will be a moratorium that expires in October of 2003. That is the issue.

Certainly with the speed at which knowledge advances and the Internet progresses, to think we could hide our heads in the sand for 5 years, on top of the next year and a half, I do not think is realistic and I do not think it is responsible. So I certainly urge people to do the commonsense thing.

We wanted to offer this amendment on the floor, but time limits did not let us do so. This simply says not a 5-year moratorium, only 2. We need to bring consensus together, bring the governors together, the retailers, and all the key people involved with a consensus, with renewing a moratorium in a responsible way.

Mr. CONYERS. Mr. Speaker, reclaiming my time, I want to assure my colleagues that as soon as I talk to the chairman of this committee, as ranking member, the Committee on the Judiciary will be ready to move forward with expedited speed, as I look at the gentleman from Illinois (Mr. HYDE), who is nodding his head in agreement.

Mr. Speaker, I urge the Members to support the recommit motion.

Mr. GOODLATTE. Mr. Speaker, I rise in opposition to the motion to recommit.

Mr. Speaker, I urge my colleagues to oppose this motion to recommit. It was just mentioned on the other side that we are all going to have the opportunity, and it is a great opportunity to vote against new and discriminatory taxes on the Internet, to vote against taxes on access to the Internet, one of the most regressive taxes there is because everybody pays the same amount no matter what their income is.

If that is the case, why would we vote to only make that provision for 2 more years instead of for 5 more years? It is important to understand this has absolutely nothing to do with the sales tax. The sales tax is a separate debate. We will have the opportunity to have hearings on it and debate it. This is an issue about discriminatory taxes on the Internet, taxes that appear on people's phone bills and other bills that get them on the Internet, and we should avail ourselves of the opportunity to keep it at 5 years.

Those who voted for the Delahunt amendment earlier because they were concerned about their grandfathering, can now join us in voting against this motion to recommit because the grandfathering is left eliminated, as it was in the original bill, which is the way it should be. This should be equal and fairly applied to everyone.

So we have the opportunity today to send a message to the American people that we do not want to tax children's opportunity to be educated on the Internet, people's opportunity to shop on the Internet. This is what this is about, not the sales tax issue.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. GOODLATTE. I yield to the gentleman from California.

Mr. COX. Mr. Speaker, I thank the gentleman for yielding to me.

As the author of the legislation, along with Democratic Senator RON WYDEN, in the other body, I just want to underscore what the gentleman from Virginia (Mr. GOODLATTE) has said. There are only two points that need to be made so that we can vote on this motion to recommit.

The first is, as the gentleman from Virginia pointed out, that nothing in the motion to recommit, nothing in the amendments that we have adopted, nothing in the underlying legislation, and nothing in the Cox-Wyden morato-

rium that we are extending here has anything to do with sales taxes. The ban on multiple taxes, the ban on discriminatory taxes in the current moratorium is what we are talking about extending here.

In my view, we ought not to have any taxes on Internet access because we are trying to deal with the digital divide, and that ban should be permanent. In addition, multiple taxes, taxes by two States on the same commerce, ought to be banned indefinitely. And, likewise, also discriminatory taxes that would target the Internet but not off-line commerce. That is all this legislation is about.

The reason that we are having this debate at all is that people want to take this perfectly good bill hostage so that they can get a debate on a different subject, Internet sales taxes. I remember the cover of National Lampoon some years back where they had this cute little puppy with a pistol to its head, and it said, "Buy this magazine or we'll shoot this dog." It was a macabre example of the dark humor of the editors of National Lampoon, but a good illustration of what is going on here. We should not take this perfectly good Internet moratorium hostage for our separate debate on sales taxes.

The 5 years is already a compromise. Let us go with that compromise, as we have earlier, so that we can move forward and provide certainty to the participants in the new economy that there will not be discriminatory and multiple taxes on the Internet.

Mr. GOODLATTE. Mr. Speaker, reclaiming my time, in a few minutes, we will have the opportunity to all join together and vote for final passage of this legislation, which will do a great thing for the American taxpayers. In the meantime, I would urge my colleagues to vote against this motion to recommit.

□ 1530

Let us not miss the opportunity to keep these access charges, these regressive charges. We talk about the digital divide. This is the kind of thing that keeps a lower-income person off of the Internet, these kind of taxes on access to the Internet.

That is what this is about. It is not about the sales tax. That is to be saved for another day, and we are going to take that up and hold hearings on it in the Committee on the Judiciary soon. This is about another issue that we ought to join together and pass and send to the American people a message that we want them all on the Internet, we want them all availing themselves of these new opportunities in the Information Age and no one should be left out because of discriminatory taxes, because of multiplicitous taxes or because of taxes on access to the Internet.

I urge my colleagues to reject the motion to recommit and join with me

in supporting final passage of this legislation.

The SPEAKER pro tempore (Mr. GILLMOR). Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. CONYERS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 9 of rule XX, the Chair will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of passage of the bill.

The vote was taken by electronic device, and there were—ayes 177, noes 250, not voting 7, as follows:

[Roll No. 158]

AYES—177

Abercrombie	Gonzalez	Murtha
Ackerman	Gordon	Nadler
Allen	Green (TX)	Napolitano
Baca	Gutierrez	Neal
Baird	Hall (OH)	Oberstar
Baldacci	Hall (TX)	Obey
Baldwin	Hastings (FL)	Olver
Barrett (WI)	Hill (IN)	Ortiz
Becerra	Hilliard	Owens
Bentsen	Hinchey	Pallone
Berkley	Hinojosa	Pascarell
Berman	Hoeffel	Pastor
Berry	Holden	Payne
Bishop	Holt	Peterson (MN)
Blagojevich	Hoyer	Pickett
Blumenauer	Insee	Pomeroy
Bonior	Istook	Price (NC)
Borski	Jackson (IL)	Rahall
Boyd	Johnson, E. B.	Rangel
Brady (PA)	Jones (OH)	Reyes
Brown (FL)	Kanjorski	Rodriguez
Brown (OH)	Kaptur	Roemer
Capps	Kennedy	Rothman
Capuano	Kildee	Roybal-Allard
Cardin	Kilpatrick	Rush
Carson	Kind (WI)	Sabo
Clay	Klecza	Sanchez
Clayton	Klink	Sanders
Clyburn	Kucinich	Sandlin
Condit	LaFalce	Sawyer
Conyers	Lampson	Schakowsky
Costello	Lantos	Scott
Coyne	Larson	Serrano
Crowley	LaTourette	Sherman
Cummings	Lee	Skelton
Danner	Levin	Slaughter
Davis (FL)	Lewis (GA)	Snyder
Davis (IL)	Lowey	Spratt
DeGette	Luther	Stark
Delahunt	Maloney (CT)	Stenholm
DeLauro	Maloney (NY)	Stupak
Dicks	Markey	Tanner
Dingell	Mascara	Thompson (CA)
Dixon	Matsui	Thompson (MS)
Doggett	McCarthy (MO)	Thune
Dooley	McDermott	Thurman
Doyle	McGovern	Tierney
Edwards	McIntyre	Towns
Engel	McKinney	Turner
Etheridge	McNulty	Udall (CO)
Evans	Meeks (NY)	Velázquez
Farr	Millender	Vento
Filner	McDonald	Visclosky
Ford	Miller, George	Waters
Frank (MA)	Minge	Watkins
Frost	Mink	Watt (NC)
Ganske	Moakley	
Gephardt	Moore	

Waxman  
WeinerWeygand  
WoolseyWu  
Wynn

□ 1548

Mr. LEWIS of Kentucky changed his vote from "aye" to "no."

Mr. HALL of Ohio changed his vote from "no" to "aye."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. GILLMOR). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. CONYERS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 352, noes 75, not voting 7, as follows:

[Roll No. 159]

AYES—352

NOES—250

Aderholt  
Andrews  
Archer  
Army  
Bachus  
Baker  
Ballenger  
Barcia  
Barr  
Barrett (NE)  
Bartlett  
Barton  
Bass  
Bateman  
Bereuter  
Biggert  
Bilbray  
Bilirakis  
Bliley  
Blunt  
Boehlert  
Boehner  
Bonilla  
Bono  
Boswell  
Boucher  
Brady (TX)  
Bryant  
Burr  
Burton  
Buyer  
Callahan  
Calvert  
Camp  
Canady  
Cannon  
Castle  
Chabot  
Chambliss  
Chenoweth-Hage  
Clement  
Coble  
Coburn  
Collins  
Combust  
Cook  
Cooksey  
Cox  
Cramer  
Crane  
Cubin  
Cunningham  
Davis (VA)  
Deal  
DeFazio  
DeLay  
DeMint  
Deutsch  
Diaz-Balart  
Dickey  
Doolittle  
Dreier  
Duncan  
Dunn  
Ehlers  
Ehrlich  
Emerson  
English  
Eshoo  
Everett  
Ewing  
Fletcher  
Foley  
Forbes  
Fossella  
Fowler  
Franks (NJ)  
Frelinghuysen  
Gallegly  
Gejdenson  
Gekas  
Gibbons  
Gilchrist  
Gillmor

NOT VOTING—7

Campbell  
Fattah  
Linder

Lucas (OK)  
Meek (FL)  
Moran (VA)

Pelosi  
Peterson (PA)  
Petri  
Phelps  
Pickering  
Pitts  
Pombo  
Porter  
Portman  
Pryce (OH)  
Quinn  
Radanovich  
Ramstad  
Regula  
Reynolds  
Riley  
Rivers  
Rogan  
Rogers  
Rohrabacher  
Ros-Lehtinen  
Roukema  
Royce  
Ryan (WI)  
Ryun (KS)  
Salmon  
Sanford  
Saxton  
Scarborough  
Schaffer  
Sensenbrenner  
Sessions  
Shadegg  
Shaw  
Shays  
Sherwood  
Shimkus  
Shows  
Shuster  
Simpson  
Sisisky  
Skeen  
Smith (MI)  
Smith (NJ)  
Smith (TX)  
Smith (WA)  
Souder  
Spence  
Stabenow  
Stearns  
Strickland  
Stump  
Sununu  
Sweeney  
Talent  
Tancredo  
Tauscher  
Tauzin  
Taylor (MS)  
Taylor (NC)  
Terry  
Thomas  
Thornberry  
Dunn  
Ehlers  
Ehrlich  
Emerson  
Bono  
Boswell  
Boucher  
Brady (TX)  
Brown (FL)  
Bryant  
Burr  
Burton  
Buyer  
Callahan  
Calvert  
Camp  
Canady  
Cannon  
Capps  
Cardin  
Carson  
Castle  
Chabot  
Chambliss  
Chenoweth-Hage  
Clement  
Coble  
Coburn  
Collins  
Combust  
Cook  
Cooksey

Wise

Ackerman  
Aderholt  
Andrews  
Archer  
Army  
Baca  
Bachus  
Baker  
Baldacci  
Ballenger  
Barcia  
Barr  
Barrett (NE)  
Barrett (WI)  
Bartlett  
Barton  
Bass  
Bateman  
Becerra  
Bereuter  
Berkley  
Berry  
Biggert  
Bilbray  
Bilirakis  
Bishop  
Bliley  
Blumenauer  
Blunt  
Boehlert  
Boehner  
Bonilla  
Bono  
Boswell  
Boucher  
Brady (TX)  
Brown (FL)  
Bryant  
Burr  
Burton  
Buyer  
Callahan  
Calvert  
Camp  
Canady  
Cannon  
Capps  
Cardin  
Carson  
Castle  
Chabot  
Chambliss  
Chenoweth-Hage  
Clement  
Coble  
Coburn  
Collins  
Combust  
Cook  
Cooksey

Costello  
Cox  
Cramer  
Crane  
Crowley  
Cubin  
Cummings  
Cunningham  
Davis (FL)  
Davis (VA)  
Deal  
DeFazio  
DeGette  
DeLauro  
DeLay  
DeMint  
Deutsch  
Diaz-Balart  
Dickey  
Dicks  
Dingell  
Dixon  
Doggett  
Dooley  
Doolittle  
Doyle  
Dreier  
Duncan  
Dunn  
Edwards  
Ehlers  
Ehrlich  
Emerson  
Engel  
English  
Eshoo  
Etheridge  
Evans  
Everett  
Ewing  
Farr  
Filmer  
Fletcher  
Foley  
Forbes  
Ford  
Fossella  
Fowler  
Franks (NJ)  
Frelinghuysen  
Frost  
Gallegly  
Gejdenson  
Gekas  
Gephardt  
Gibbons  
Gilchrist  
Gillmor  
Gilman  
Gonzalez  
Goode

Goodlatte  
Goodling  
Goss  
Graham  
Granger  
Green (TX)  
Green (WI)  
Greenwood  
Gutierrez  
Gutknecht  
Hall (OH)  
Hansen  
Hastings (WA)  
Hayes  
Hayworth  
Hefley  
Herger  
Hill (IN)  
Hill (MT)  
Hilleary  
Hinojosa  
Hobson  
Hoeffel  
Hoekstra  
Holden  
Holt  
Hooley  
Horn  
Hostettler  
Houghton  
Hoyer  
Hulshof  
Hunter  
Hutchinson  
Hyde  
Inslee  
Isakson  
Istook  
Jefferson  
Jenkins  
John  
Johnson (CT)  
Johnson, E. B.  
Johnson, Sam  
Jones (NC)  
Kaptur  
Kasich  
Kelly  
Kildee  
Kind (WI)  
King (NY)  
Kingston  
Kleccka  
Klink  
Knollenberg  
Kolbe  
Kuykendall  
Lampson  
Lantos  
Largent  
Larson

Latham  
LaTourette  
Lazio  
Leach  
Lewis (CA)  
Lewis (GA)  
Lewis (KY)  
Linder  
LoBiondo  
Lofgren  
Lowey  
Lucas (KY)  
Luther  
Maloney (CT)  
Maloney (NY)  
Manzullo  
Martinez  
Mascara  
McCarthy (NY)  
McCollum  
McCrery  
McGovern  
McHugh  
McInnis  
McIntosh  
McIntyre  
McKeon  
McKinney  
McNulty  
Meehan  
Meeks (NY)  
Menendez  
Metcalfe  
Mica  
Millender-  
McDonald  
Miller (FL)  
Miller, Gary  
Mink  
Moakley  
Mollohan  
Morella  
Murtha  
Myrick  
Nadler  
Napolitano  
Northup  
Norwood  
Nussle  
Ortiz  
Ose  
Owens  
Oxley  
Packard  
Pallone  
Pascrell  
Pastor

Abercrombie  
Allen  
Baird  
Baldwin  
Bentsen  
Blagojevich  
Bonior  
Borski  
Boyd  
Brady (PA)  
Brown (OH)  
Capuano  
Clay  
Clayton  
Clyburn  
Condit  
Conyers  
Coyne  
Danner  
Davis (IL)  
Delahunt  
Frank (MA)  
Ganske  
Gordon  
Hall (TX)  
Hastings (FL)

Campbell  
Fattah  
Lucas (OK)

Messrs.  
GEORGE

Pease  
Pelosi  
Peterson (PA)  
Petri  
Phelps  
Pickering  
Pickett  
Pitts  
Pombo  
Pomeroy  
Portman  
Price (NC)  
Pryce (OH)  
Quinn  
Radanovich  
Rahall  
Ramstad  
Rangel  
Regula  
Reyes  
Reynolds  
Riley  
Rivers  
Rodriguez  
Roemer  
Rogan  
Rogers  
Rohrabacher  
Ros-Lehtinen  
Roukema  
Royce  
Ryan (WI)  
Ryun (KS)  
Salmon  
Sanchez  
Sandlin  
Sawyer  
Saxton  
Scarborough  
Schaffer  
Sensenbrenner  
Serrano  
Sessions  
Shadegg  
Shaw  
Shays  
Sherman  
Sherwood  
Shimkus  
Shows  
Simpson  
Sisisky  
Skeen  
Skelton  
Smith (MI)  
Smith (NJ)  
Smith (TX)

NOES—75

Hilliard  
Hinckley  
Jackson (IL)  
Jackson-Lee  
(TX)  
Jones (OH)  
Kanjorski  
Kennedy  
Kilpatrick  
Kucinich  
LaFalce  
LaHood  
Lee  
Levin  
Lipinski  
Markey  
Matsui  
McCarthy (MO)  
McDermott  
Miller, George  
Minge  
Moore  
Moran (KS)  
Neal  
Ney  
Oberstar

NOT VOTING—7

Meek (FL)  
Moran (VA)  
Nethercutt

□ 1602

HASTINGS of Florida,  
MILLER of California,

Smith (WA)  
Souder  
Spence  
Stabenow  
Stearns  
Strickland  
Stump  
Stupak  
Sununu  
Sweeney  
Talent  
Tancredo  
Tanner  
Tauscher  
Tauzin  
Taylor (MS)  
Taylor (NC)  
Terry  
Thomas  
Thompson (CA)  
Thompson (MS)  
Thornberry  
Thurman  
Tiahrt  
Toomey  
Towns  
Traficant  
Turner  
Udall (CO)  
Udall (NM)  
Upton  
Velázquez  
Visclosky  
Vitter  
Walden  
Walsh  
Wamp  
Waters  
Watkins  
Watts (OK)  
Waxman  
Weiner  
Weldon (FL)  
Weldon (PA)  
Weller  
Wexler  
Weygand  
Whitfield  
Wicker  
Wilson  
Wolf  
Woolsey  
Wu  
Wynn  
Young (AK)  
Young (FL)

Ober  
Oliver  
Paul  
Payne  
Peterson (MN)  
Porter  
Rothman  
Roybal-Allard  
Rush  
Sabo  
Sanders  
Sanford  
Schakowsky  
Scott  
Shuster  
Slaughter  
Snyder  
Spratt  
Stark  
Stenholm  
Thune  
Tierney  
Vento  
Watt (NC)

Wise

BENTSEN and MINGE changed their vote from "aye" to "no."

So the bill was passed.

The result of the vote was announced as above recorded.

The title of the bill was amended so as to read: "A bill to extend for 5 years the moratorium enacted by the Internet Tax Freedom Act; and for other purposes."

A motion to reconsider is laid upon the table.

PROVIDING FOR CONSIDERATION OF H.R. 701, CONSERVATION AND REINVESTMENT ACT OF 1999

Mr. HASTINGS of Washington. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 497 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 497

*Resolved*, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 701) to provide Outer Continental Shelf Impact Assistance to State and local governments, to amend the Land and Water Conservation Fund Act of 1965, the Urban Park and Recreation Recovery Act of 1978, and the Federal Aid in Wildlife Restoration Act (commonly referred to as the Pittman-Robertson Act) to establish a fund to meet the outdoor conservation and recreation needs of the American people, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed 90 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Resources. After general debate the bill shall be considered for amendment under the five-minute rule. In lieu of the amendment recommended by the Committee on Resources now printed in the bill, it shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule an amendment in the nature of a substitute consisting of the text of H.R. 4377. That amendment in the nature of a substitute shall be considered as read. All points of order against that amendment in the nature of a substitute are waived. No amendment to that amendment in the nature of a substitute shall be in order except those printed in the report of the Committee on Rules. Each amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against the amendments printed in the report are waived. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed

question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order as original text. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. GILLMOR). The gentleman from Washington (Mr. HASTINGS) is recognized for 1 hour.

Mr. HASTINGS of Washington. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentlewoman from New York (Ms. SLAUGHTER), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, H. Res. 497 is a structured rule waiving all points of order against the consideration of H.R. 701, the Conservation and Reinvestment Act of 1999.

The rule provides 90 minutes of general debate, equally divided between the chairman and ranking minority member of the Committee on Resources. The rule makes in order the text of H.R. 4377 as an original bill for the purpose of amendment in lieu of the amendment in the nature of a substitute now printed in the bill, which shall be considered as read. All points of order against the amendment in the nature of a substitute are waived.

The rule makes in order only those amendments printed in the Committee on Rules report accompanying this resolution.

The rule further provides that the amendments made in order may be offered only in the order printed in the report, may be offered only by a Member designated in the report, and shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by a proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for a division of the question in the House or in the Committee of the Whole. All points of order against the amendments printed in the report are waived.

In addition, the rule permits the Chairman of the Committee of the Whole to postpone votes during consideration of the bill and to reduce voting time to 5 minutes on a postponed question if the vote follows a 15-minute vote.

Finally, the rule provides one motion to recommit with or without instruc-

Mr. Speaker, the Conservation and Reinvestment Act of 2000 creates a mechanism by which the funds from Outer Continental Shelf oil and gas leases are made available for offshore drilling mitigation, land purchases, historic preservation, wildlife conservation and endangered species recovery at the State, Federal and local levels.

The Conservation and Reinvestment Act provides annual funding of \$1 billion to coastal States to mitigate the impacts of offshore drilling, \$900 million for the Land and Water Conservation Fund, which is its fully authorized level, \$350 million through existing Pittman-Robertson and Dingell-Johnson programs for wildlife conservation, \$125 million for urban parks; \$100 million for historic preservation; \$200 million for the restoration and improvement of Federal and tribal lands, \$150 million to protect farmland and promote the recovery of endangered species through the purchase of conservation easements; and it makes available up to \$200 million in interest generated by these revenues to match appropriated funds for payments in lieu of taxes and refuge revenue sharing.

While providing substantial funds for additional Federal land acquisition, the bill also requires for the first time that Congress specifically approve each new Federal land acquisition. The bill also includes a number of important new private property protections, including a requirement that all purchases, pursuant to the provisions of this act, be made from willing sellers.

The Congressional Budget Office estimates that this bill will result in a \$7.8 billion increase in direct spending through 2005. An additional \$3.7 billion in discretionary spending is authorized over the same period, subject to appropriations.

Mr. Speaker, this is a fair rule that makes in order 26 separate amendments in order that Members who have concerns about H.R. 701 might have an opportunity to improve it. Accordingly, I encourage my colleagues to support this rule.

Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I thank the gentleman from Washington for yielding me the customary 30 minutes, and I yield myself such time as I may consume.

Mr. Speaker, we have an extraordinary measure before us today. The Conservation and Reinvestment Act, CARA, H.R. 701, is the most sweeping commitment to the protection of America's public land, marine and wildlife resources in over a generation. Utilizing the proceeds from offshore oil and gas development, this measure will provide steady funding for the preservation of our natural resources for decades to come. These offshore revenues were promised for this objective 36