INTRODUCTION OF THE INTERNET TAX FAIRNESS ACT OF 2001

HON. BOB GOODLATTE
OF VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, July 17, 2001

Mr. GOODLATTE. Mr. Speaker, I am pleased to introduce today, along with my good friend, Mr. BOUCHER, the Internet Tax Fairness Act of 2001.

This much-needed bipartisan legislation permanently extends the current moratorium on Internet access taxes and multiple and discriminatory taxes. In addition, this legislation clarifies state and local authority to collect business activity taxes from out-of-state entities.

As many of you know, the Internet Tax Fairness Act of 1998 created a moratorium on Internet access taxes and multiple and discriminatory taxes. As a result of this moratorium, the Internet has remained relatively free from the burdens of new taxes. However, the moratorium is set to expire in October, subjecting the Internet to possible taxation from more than 50 different state jurisdicitions. We must continue to ensure that the Internet remains free from restrictive taxation by making the tax moratorium permanent.

In addition, many States and some local governments levy corporate income and franchise taxes on companies that either operate or conduct business activities within their jurisdictions. While providing revenue for States, these taxes also serve to pay for the privilege of doing business in a State.

Supreme Court precedent is clear that a state cannot impose a tax on an out-of-state business unless that business has a "substantial nexus" with the taxing state. In addition, over forty years ago, Congress passed legislation to ensure that states could not tax the income of out-of-state corporations whose in-state presence was minimal. Public Law 86-272 set uniform, national standards for when states could and could not impose such taxes. However, like the economy of the time, Public Law 86-272 was limited to tangible personal property.

With the growth of the Internet, companies are increasingly able to conduct transactions without the constraint of geopolitical boundaries. The increasing rate of interstate and international business-to-business and business-to-consumer transactions raises questions over states' ability to collect income taxes from companies conducting business within their jurisdiction.

Over the past several years, a growing number of states have sought to collect business activity taxes from businesses located in other states, even though those businesses receive no appreciable benefits from the collecting states and even though the Supreme Court has ruled that the Constitution prohibits a state (without the consent of Congress) from imposing tax on businesses that lack substantial connections to the state. This has led to unfairness and uncertainty, generated contentious, widespread litigation, and hindered business expansion, as businesses shy away from expanding their presence in other states for fear of exposure to unfair tax burdens.

EXTENSIONS OF REMARKS

In this period where the rapid growth of e-commerce will shape the economy of the 21st century, this expansion of the States’ power to impose burdensome business activity taxes, unchecked, will have a chilling effect on e-commerce, interstate commerce generally, and the entire economy as tax burdens, compliance costs, litigation, and uncertainty escalate.

Accordingly, the second recommendation of the Advisory Commission on Electronic Commerce majority was that Congress establish national standards for when states can impose business activity taxes.

That is why we are introducing this important legislation today. The Internet Tax Fairness Act establishes definite, specific standards to govern when businesses should be obliged to pay business activity taxes, which will ensure fairness, minimize litigation, and create the kind of legally certain and stable business climate which encourages businesses to make business investments, expand interstate commerce, grow the economy, and create new jobs. At the same time, this legislation will ensure that states and localities are fairly compensated when they provide services to businesses with a substantial physical presence in their state.

I urge each of my colleagues to support this very important bipartisan legislation.

IN HONOR OF WALTON HILLS VILLAGE

HON. DENNIS J. KUCINICH
OF OHIO
HON. STEVE C. LATOURETTE
OF OHIO
IN THE HOUSE OF REPRESENTATIVES
Tuesday, July 17, 2001

Mr. KUCINICH. Mr. Speaker, I rise today with my colleague Mr. LATOURETTE, in recognition of the Celebration of the Village of Walton Hills, Ohio.

In March 1951, people of the prospective village voted in a special election to determine whether the area would detach from Bedford Township and become the Village of Walton Hills. The voting took place in the Quonset hut owned by L.S. Conelly, S.E. corner Alexander Township and become the Village of Walton Hills, Ohio. The Walton Village is proud of its many civic organizations, who were then sworn in at Black Beauty Hour broadcasting live from every ward in the city, with Public Interest and the DC Politics Hour broadcasting live from every ward in the city to hear the opinions of city residents on issues of critical importance to them and their neighborhoods. The station also participates in the arts, and do all the things that make the Walton Hills Citizens League vibrant and vital.

This is radio at its most substantive, thought-provoking and interesting best. WAMU recently added even more news programming to serve the needs of this diverse and unique Washington audience, because it has a special responsibility to inform, educate and raise the level of conversation on the issues of our day.

WAMU is an important part of community life here, and prides itself on being the "voice of the community" to those of us who live and work in the greater Washington area. Increased news coverage in the nation’s capital, especially with a local focus during national broadcasts is especially needed and welcomed by those of us who call this area home—where we educate our children, volunteer to help, pay taxes, attend church services, take part in the arts, and do all the things that make the Washington area vibrant and vital.

I urge each of my colleagues to support this very important bipartisan legislation.

Please join me in recognizing a strong community, The Village of Walton Hills on this distinguished 50th anniversary.

WAMU 88.5 FM—A COMMUNITY SOURCE IN THE DISTRICT OF COLUMBIA

HON. ELEANOR HOLMES NORTON
OF THE DISTRICT OF COLUMBIA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, July 17, 2001

Ms. NORTON. Mr. Speaker, I rise today to speak in support of a valued and long-time resource for the residents of the District of Columbia, WAMU, one of the nation’s leading public radio stations. In addition to its nationwide audience, WAMU has served nearly half a million listeners in the Washington area and surrounding areas for forty years, with award-winning news and public affairs programming by its celebrated talk show hosts Diane Rehm, Kojo Nnamdi of Public Interest, local hosts David Funst of Metro Connection and Lakshmi Singh of All Things Considered, and our own indispensable local D.C. political pundit Mark Plotkin.

In response to the overwhelming views of its listeners and subscribers, WAMU 88.5 FM recently altered its weekday format to include more public affairs programming. To the station’s credit, WAMU nevertheless found a way to preserve the bluegrass programming for which the station is also known. Members of the House and Senate and the station’s listeners nationwide, who depend on WAMU for the best public affairs programming on the air will be happy about the expanded public affairs programs. At the same time, we commend WAMU for its sensitivity in finding a way to continue a healthy dose of bluegrass music.

WAMU is an important part of community life here, and prides itself on being the “voice of the community” to those of us who live and work in the greater Washington area. Increased news coverage in the nation’s capital, especially with a local focus during national broadcasts is especially needed and welcomed by those of us who call this area home—where we educate our children, volunteer to help, pay taxes, attend church services, take part in the arts, and do all the things that make the Washington area vibrant and vital.

This is radio at its most substantive, thought-provoking and interesting best. WAMU recently added even more news programming to serve the needs of this diverse and unique Washington audience, because it has a special responsibility to inform, educate and raise the level of conversation on the issues of our day.

WAMU takes its shows into the community, with Public Interest and the DC Politics Hour broadcasting live from every ward in the city to hear the opinions of city residents on issues of critical importance to them and their neighborhoods. The station also participates in hosting and sponsoring myriad non-profit arts, education, ethnic and cultural events in the city every year.

I applaud the news and information programming additions, and commend WAMU for its extensive and long standing service to our