

**Fifty-seventh Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 9, 2001**

HOUSE CONCURRENT RESOLUTION NO. 3012
(Representatives Wald, Keiser, Timm)
(Senators Lee, D. Mathern, Urlacher)

A concurrent resolution urging Congress to reject any attempt to extend the Internet Tax Freedom Act moratorium on imposition of state and local taxes on internet access and on electronic commerce transactions.

WHEREAS, in 1998 the 105th Congress passed and the President signed into law the Internet Tax Freedom Act, establishing a three-year moratorium on the imposition of any state and local tax on internet access, and on electronic commerce transactions, with the exception of existing laws in twelve states that were "grandfathered" into compliance by the Act; and

WHEREAS, the current moratorium expires October 21, 2001; and

WHEREAS, no state attempted or even announced any desire to tax internet access, or apply multiple or discriminatory taxes to the internet during the moratorium; and

WHEREAS, two of the original grandfathered states have by legislative action removed taxes on internet access; and

WHEREAS, several bills and amendments have been introduced in the 106th Congress to either make the moratorium on state and local taxes permanent or extend it for another two to ninety-nine years; and

WHEREAS, extending or making permanent the moratorium will pose grave financial risks for state and local governments as well as telecommunications industry providers; and

WHEREAS, with the increasing convergence of technologies and mergers of industry giants, the present definition of internet access may become inadequate to define exactly which communications technologies will fall into the category of internet access as soon as next year; and

WHEREAS, with the mergers of internet service providers and cable television and telephone companies, internet access may soon mean a consumer's monthly access to the internet includes telephone service and cable television, all of which the provider could bundle for one fee under the banner of internet access; and

WHEREAS, in such situations, state and local governments could see major reductions in revenues as existing state and local taxes on telecommunications services and cable television could fall under the moratorium and therefore be preempted by federal law; and

WHEREAS, the states' inability to collect these taxes will create an unfair competitive advantage for internet service providers at the expense of traditional telecommunications service providers and cable operators;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF NORTH DAKOTA, THE SENATE CONCURRING THEREIN:

That the Fifty-seventh Legislative Assembly joins the National Conference of State Legislatures in urging Congress to reject any attempt to extend the Internet Tax Freedom Act moratorium on imposition of state and local taxes on internet access and on electronic commerce transactions and to oppose any federal action to preempt the sovereign and constitutional right of the states to determine their own tax policies in all areas, including telecommunications and electronic commerce; and

BE IT FURTHER RESOLVED, that a copy of this resolution be delivered to the President of the United States, the chairman of the House Judiciary Committee, the chairman of the Senate Commerce,

Science, and Transportation Committee, and to each member of the North Dakota Congressional Delegation.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

Filed in this office this _____ day of _____, 2001,
at _____ o'clock _____ M.

Secretary of State