

HOUSE CONCURRENT RESOLUTION NO. 3012

Introduced by

Representatives Wald, Keiser, Timm

Senators Lee, D. Mathern, Urlacher

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

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

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

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

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

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

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

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

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

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

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

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

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

15 **BE IT FURTHER RESOLVED**, that a copy of this resolution be delivered to the
16 President of the United States, the chairman of the House Judiciary Committee, the chairman of
17 the Senate Commerce, Science, and Transportation Committee, and to each member of the
18 North Dakota Congressional Delegation.