

work in a bipartisan fashion to safeguard their rights. I will work to pass this bill, and I think we have the votes to pass it.

However, in a short time I will object to this consent request by my friend because it does not advance our shared goal of enacting this bill into law. In fact, this request, in my opinion, would set us back in our efforts to pass the legislation. We need to take the time necessary to debate and vote on the amendments that Senators want to offer to this bill, and then we need to pass it.

I think this late in the session, with the constraints that are obviously present with everybody, it just would not help us. I will work with my friend and anyone else to get a unanimous consent agreement both sides can agree to.

For now, on behalf of Senator JACK REED of Rhode Island and others, I object.

The PRESIDING OFFICER. Objection is heard.

The Senator from Kentucky.

Mr. MCCONNELL. My friend from Nevada is certainly correct. At this late stage in the session, the only way we could advance this proposal to completion would be with a consent agreement that allowed us to deal only with relevant amendments. One of the concerns is that we could end up having amendments on minimum wage or hate crimes or other issues that are completely unrelated to the underlying subject matter. So it was my belief that the consent agreement I just offered was reasonable in the sense that it did allow relevant amendments to the underlying bill, but it also gives us an opportunity to reach completion.

I want to modify my request a couple of more times and see if it might be more enticing to my good friend from Nevada. I modify my prior unanimous consent request as follows: That there be 8 hours instead of 6, 8 hours of general debate on the bill equally divided, and that the only amendments in order be three relevant amendments offered by each side instead of two, with each first-degree amendment subject to a second-degree amendment which shall be relevant to the first-degree amendment.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Madam President, reserving the right to object, I really do believe we can work with Senators on our side and a few on the other side to come up with a reasonable approach to this legislation that I think has an outstanding chance of passing. We can't do it now. We are wrapping up this session of the legislature. Even though my friend has suggested relevant amendments, we need to take a little bit of time to work this through. The time that has been suggested by my friend is something that may or may not work.

I just say to everyone within the sound of my voice, we need some time to work this out. We will be happy to

cooperate in any way we can, but there are too many objections on this side to move forward at this time.

On behalf of Senator REED of Rhode Island and others, I object.

The PRESIDING OFFICER. Objection is heard.

The Senator from Kentucky.

Mr. MCCONNELL. Madam President, let me propound one last unanimous consent request, again bearing in mind that the only chance of moving this legislation forward this late in the session would be with a time agreement with relevant amendments. The underlying bill being supported by 54 cosponsors, we suspect well more than 60 are advocating this legislation. Let me try to entice my good friend one more time by further modifying my second request in the following way: I ask unanimous consent that there be 10 hours of general debate on the bill equally divided, and that the only amendments in order be 4 relevant amendments offered by each side, with each first-degree amendment subject to a second-degree amendment, which shall be relevant to the first-degree amendment.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Madam President, reserving the right to object, on certain issues, I am fairly easy to entice, but the fact is, on this, I have a significant number of Senators on this side who are not able to be enticed at this stage. On their behalf, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MCCONNELL. Madam President, this is a very important piece of legislation that should be enacted in this Congress. It is apparent it will not be done in the first session of the 108th Congress. There are not many measures around here that have 54 cosponsors and probably with support well in excess of 60. I hope we can work together in the early part of the next session and advance this legislation to final passage, with relevant amendments, so it does not become a measure that attracts every single good cause some Senator may want to propose totally unrelated to the underlying question of whether gun manufacturers should be held responsible for acts perpetrated by individuals using their product—a fundamentally unfair trend developing in the country that should be stopped before it goes any further.

I yield the floor.

Mr. REID. Madam President, if I may respond, I think the approach that we get into the legislation early next year is the way it will be passed. There will be a decision made early on by the leadership on both sides, I am sure, as to if it is necessary to attempt to invoke cloture on this matter. We will have lots of time early next year to do this.

I look forward to working with my friend from Kentucky to move forward on this most important legislation.

Mr. MCCONNELL. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MCCAIN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTERNET TAX NONDISCRIMINATION ACT

Mr. MCCAIN. Madam President, pursuant to the order of October 30, 2003, I ask unanimous consent that the Senate proceed to the immediate consideration of S. 150, the Internet Tax Moratorium bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (S. 150) to make permanent the moratorium on taxes on Internet access and multiple and discriminatory taxes on electronic commerce imposed by the Internet Tax Freedom Act, which had been reported from the Committee on Commerce, Science and Transportation and referred to the Committee on Finance and discharged, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

(Strike the part shown in black brackets and insert the part shown in italic.)

S. 150

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 Tax Non-discrimination Act of 2003"."]

SEC. 2. AMENDMENT OF INTERNET TAX FREEDOM ACT.

[Section 1101(a) of the Internet Tax Freedom Act (47 U.S.C. 151 nt.) is amended—

["(1) by striking "taxes during the period beginning on October 1, 1998, and ending on November 1, 2003—" and inserting "taxes:";"]

["(2) by striking paragraph (1) and inserting the following:

["(1) Taxes on Internet access."; and

["(3) by striking "multiple" in paragraph (2) and inserting "Multiple"."]

SEC. 2. REPEAL OF EXCEPTION.

[Section 1104 of the Internet Tax Freedom Act (47 U.S.C. 151 nt.) is amended by striking paragraph (10).]

SECTION 1. SHORT TITLE.

This Act may be cited as the "Internet Tax Nondiscrimination Act".

SEC. 2. PERMANENT EXTENSION OF INTERNET TAX FREEDOM ACT MORATORIUM.

(a) IN GENERAL.—Subsection (a) of section 1101 of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended to read as follows:

"(a) MORATORIUM.—No State or political subdivision thereof may impose any of the following taxes:

"(1) Taxes on Internet access.

"(2) Multiple or discriminatory taxes on electronic commerce."

(b) CONFORMING AMENDMENTS.—

(1) Section 1101 of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by striking subsection (d) and redesignating subsection (e) as subsection (d).

(2) Section 1104(10) of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by striking "unless" and all that follows through "1998".

(3) Section 1104(2)(B)(i) of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by striking "except with respect to a tax (on Internet access) that was generally imposed and actually enforced prior to October 1, 1998,".

(c) CLARIFICATION.—The second sentence of section 1104(5), and the second sentence of section 1101(e)(3)(D) (as redesignated by subsection (b)(1) of this Act), of the Internet Tax Freedom Act (47 U.S.C. 151 note) are each amended by inserting "; except to the extent such services are used to provide Internet access" before the period.

SEC. 3. 3-YEAR SUNSET FOR PRE-OCTOBER, 1998, TAX EXCEPTION.

The Internet Tax Freedom Act (47 U.S.C. 151 note) is amended—

(1) by redesignating section 1104 as section 1105; and

(2) by inserting after section 1103 the following:

"SEC. 1104. PRESERVATION OF PRE-OCTOBER, 1998, STATE AND LOCAL TAX AUTHORITY UNTIL 2006.

"(a) IN GENERAL.—Section 1101(a) does not apply to a tax on Internet access that was generally imposed and actually enforced prior to October 1, 1998, if, before that date, the tax was authorized by statute and either—

"(1) a provider of Internet access services had a reasonable opportunity to know by virtue of a rule or other public proclamation made by the appropriate administrative agency of the State or political subdivision thereof, that such agency has interpreted and applied such tax to Internet access services; or

"(2) a State or political subdivision thereof generally collected such tax on charges for Internet access.

"(b) TERMINATION.—This section shall not apply after October 1, 2006.

"(c) TAX ON INTERNET ACCESS.—Notwithstanding section 1105(10), in this section the term 'tax on Internet access' includes the enforcement or application of any preexisting tax on the sale or use of Internet services if that tax was generally imposed and actually enforced prior to October 1, 1998,".

SEC. 4. UNIVERSAL SERVICE.

Nothing in the Internet Tax Freedom Act shall prevent the imposition or collection of any fees or charges used to preserve and advance Federal universal service or similar State programs authorized by section 254 of the Communications Act of 1934.

Mr. MCCAIN. Madam President, I ask unanimous consent that the bill as thus amended be treated as original text for the purpose of amendment; provided there be no point of order waived by virtue of this agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

The reported amendment is agreed to. The bill will be considered as original text. No point of order will be waived.

AMENDMENT NO. 2136

Mr. MCCAIN. Madam President, I send a substitute to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona [Mr. MCCAIN], for Mr. ALLEN, for himself, Mr. WYDEN, Mr. BURNS, Mr. ENSIGN, Mr. SUNUNU, Mr. WARNER, Mr. SMITH, Mr. LEAHY, Mr. GRASSLEY, Mr. HATCH, Mr. MCCAIN, Mr. BAUCUS, Mrs. BOXER, Mr. CHAMBLISS, and Mrs. LINCOLN, proposes an amendment numbered 2136.

Mr. MCCAIN. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Internet Tax Nondiscrimination Act".

SEC. 2. PERMANENT EXTENSION OF INTERNET TAX FREEDOM ACT MORATORIUM.

(a) IN GENERAL.—Subsection (a) of section 1101 of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended to read as follows:

"(a) MORATORIUM.—No State or political subdivision thereof may impose any of the following taxes:

"(1) Taxes on Internet access.

"(2) Multiple or discriminatory taxes on electronic commerce."

(b) CONFORMING AMENDMENTS.—

(1) Section 1101 of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by striking subsection (d) and redesignating subsection (e) as subsection (d).

(2) Section 1104(10) of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended to read as follows: .

"(10) TAX ON INTERNET ACCESS.

"(A) IN GENERAL.—The term 'tax on Internet access' means a tax on Internet access, regardless of whether such tax is imposed on a provider of Internet access or a buyer of Internet access and regardless of the terminology used to describe the tax.

"(B) GENERAL EXCEPTION.—The term 'tax on Internet access' does not include a tax levied upon or measured by net income, capital stock, net worth, or property value."

(3) Section 1104(2)(B)(i) of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by striking "except with respect to a tax (on Internet access) that was generally imposed and actually enforced prior to October 1, 1998,".

(c) INTERNET ACCESS SERVICE; INTERNET ACCESS.—

(1) INTERNET ACCESS SERVICE.—Paragraph (3)(D) of section 1101(d) (as redesignated by subsection (b)(1) of this section) of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by striking the second sentence and inserting "The term 'Internet access service' does not include telecommunications services, except to the extent such services are purchased, used, or sold by a provider of Internet access to provide Internet access."

(2) INTERNET ACCESS.—Section 1104(5) of that Act is amended by striking the second sentence and inserting "The term 'Internet access' does not include telecommunications services, except to the extent such services are purchased, used, or sold by a provider of Internet access to provide Internet access."

SEC. 3. 3-YEAR SUNSET FOR PRE-OCTOBER, 1998, TAX EXCEPTION.

The Internet Tax Freedom Act (47 U.S.C. 151 note) is amended—

(1) by redesignating section 1104 as section 1105; and

(2) by inserting after section 1103 the following:

"SEC. 1104. PRESERVATION OF PRE-OCTOBER, 1998, STATE AND LOCAL TAX AUTHORITY UNTIL 2006.

"(a) IN GENERAL.—Section 1101(a) does not apply to a tax on Internet access that was generally imposed and actually enforced prior to October 1, 1998, if, before that date, the tax was authorized by statute and either—

"(1) a provider of Internet access services had a reasonable opportunity to know by virtue of a rule or other public proclamation made by the appropriate administrative agency of the State or political subdivision thereof, that such agency has interpreted

and applied such tax to Internet access services; or

"(2) a State or political subdivision thereof generally collected such tax on charges for Internet access.

"(b) TERMINATION.—This section shall not apply after October 1, 2006.

"(c) TAX ON INTERNET ACCESS.—Notwithstanding section 1105(10), in this section the term 'tax on Internet access' includes the enforcement or application of any preexisting tax on the sale or use of Internet services if that tax was generally imposed and actually enforced prior to October 1, 1998."

SEC. 4. ACCOUNTING RULE.

The Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by adding at the end the following:

"SEC. 1106. ACCOUNTING RULE.

"(a) IN GENERAL.—If charges for Internet access are aggregated with and not separately stated from charges for telecommunications services or other charges that are subject to taxation, then the charges for Internet access may be subject to taxation unless the Internet access provider can reasonably identify the charges for Internet access from its books and records kept in the regular course of business.

"(b) DEFINITIONS.—In this section:

"(1) CHARGES FOR INTERNET ACCESS.—The term 'charges for Internet access' means all charges for Internet access as defined in section 1105(5).

"(2) CHARGES FOR TELECOMMUNICATIONS SERVICES.—The term 'charges for telecommunications services' means all charges for telecommunications services except to the extent such services are purchased, used, or sold by a provider of Internet access to provide Internet access."

SEC. 5. EFFECT ON OTHER LAWS.

The Internet Tax Freedom Act (47 U.S.C. 151 note), as amended by section 4, is amended by adding at the end the following:

"SEC. 1107. EFFECT ON OTHER LAWS.

"(a) UNIVERSAL SERVICE.—Nothing in this Act shall prevent the imposition or collection of any fees or charges used to preserve and advance Federal universal service or similar State programs—

"(1) authorized by section 254 of the Communications Act of 1934 (47 U.S.C. 254); or

"(2) in effect on February 8, 1996.

"(b) 911 AND E-911 SERVICES.—Nothing in this Act shall prevent the imposition or collection, on a service used for access to 911 or E-911 services, of any fee or charge specifically designated or presented as dedicated by a State or political subdivision thereof for the support of 911 or E-911 services if no portion of the revenue derived from such fee or charge is obligated or expended for any purpose other than support of 911 or E-911 services.

"(c) NON-TAX REGULATORY PROCEEDINGS.—Nothing in this Act shall be construed to affect any Federal or State regulatory proceeding that is not related to taxation."

Mr. MCCAIN. I say to my friends on both sides of the issue, I think we now have the proper legislative agenda in preparation for amendments. Before I make an opening statement, I thank Senators ALLEN and WYDEN for their hard work on this issue. I also pay my respects to the Senator from Ohio, Senator VOINOVICH, and the Senator from Tennessee, Senator ALEXANDER, who have taken a deep and abiding interest in this issue and have a very real understanding of it. This is a complex and difficult set of issues associated with the Internet.

I apologize for leaving out my dear friend from Delaware, Senator CARPER,

who probably knows more than the other two put together; at least, he believes so.

Again, these are difficult and complex issues. They have been affected significantly by changes in technology over the years. When we first did this moratorium issue, it was much simpler than it is today. As the Internet has obtained dramatically new capabilities with dramatic changes in its nature, the issue has changed. The Senators from Ohio, Tennessee, and Delaware have raised significant and valid concerns. We believe we have tried to address those concerns.

Definitions certainly are critical in addressing this issue. Words have meaning and importance when we are talking about this issue before us. I hope we can give fair consideration to the concerns and the proposals made by the opposition to this bill or those who would like to see it significantly modified.

Again, I thank my friends from Virginia and Oregon who have worked tremendously for years in the committee on this issue. I think the Senator from Oregon can remind me how many hearings we have had on this particular issue, but it must be in double digits—more than 10—over the past 6 or 7 years. Those hearings have been certainly appropriate, because each time we have had them the technology changed and the issues changed.

Madam President, this bill would ensure that consumers would never have to pay a toll when they access the Information Highway. Whether consumers log onto the Internet via cable modem, DSL, dial-up, or another technology that has yet to be invented, under S. 150 they will not see any State and local taxes on their monthly Internet bill. Now would their monthly Internet bills increase because of State and local taxes on Internet access that are passed down to consumers. Plainly and simply, this is a pro-consumer, pro-innovation, and pro-technology bill.

S. 150, which was introduced in January by Senator ALLEN, would make permanent the current Federal prohibition on State and local taxes on Internet access contained in the Internet Tax Freedom Act of 1998 (ITFA). It also would extend permanently the current moratorium in ITFA on multiple or discriminatory state and local taxes on e-commerce transactions.

In addition, this bill would extend by 3 years the current grandfather clause contained in ITFA. This clause permits States that imposed or enforced a tax on Internet access prior to the passage of ITFA in 1998 to continue taxing Internet access. After 2006, this grandfathering protection would lapse.

Five years ago, Congress took appropriate action when it passed the IFTA, legislation that encouraged the growth and the adoption of the Internet by exempting Internet access from State and local taxation, and by protecting e-commerce transactions from multiple or discriminatory taxation.

As my colleagues know, over the past decade, the Internet has grown from a tool used primarily by academics and scientists for research purposes to a broadly utilized communications, information, entertainment, and commercial medium, as well as an important vehicle for political participation. Indeed, the Internet has started to become a fixture and core component of modern American life that has created and continues to generate social and economic opportunities throughout the United States. This was our goal then and it continues to be our goal today.

There is little doubt that the development and growth of the Internet was aided by the moratorium. For example, in the past 5 years and with the help of ITFA, household use of the Internet has doubled. At the time of the legislation's enactment in 1998, 26 percent of United States households had Internet access. By 2001—the year that the moratorium was extended for a 2 year period—just over 50 percent of U.S. households had Internet access. By the end of 2002, approximately 64 percent of American households had Internet access. However, despite these significant growth rates, Internet access adoption rates remain low relative to other basic technologies. Broadband access in particular remain low. Indeed, in 2002, only 15 percent of American households had broadband Internet access. This means that a significant number of American consumers still have not gained the full benefits that Internet technologies promise.

Today, we have the opportunity to extend permanently the Internet tax moratorium and thus fulfill our promise to consumers that Government taxes will not inhibit the offering of affordable Internet access. By supporting S. 150, we can continue to promote the adoption of the Internet by our citizens as well as encourage innovation relating to this technology. Just as Internet access evolved from basic dial-up service to broadband services since the enactment of ITFA, a permanent extension of the Internet tax moratorium is expected to encourage businesses to further evolve Internet technologies and consumers to continue adopting such technologies.

I am fully aware that State and local government groups are concerned about certain aspects of this bill and, in particular, worry that this legislation will result in significant revenue losses to the States and localities. As many of you know, I have worked closely with the co-sponsors of the legislation in an attempt to accommodate many of the concerns of the States and local governments. In fact, I am a co-sponsor of the substitute amendment to S. 150 only because I was satisfied that the amendment's co-sponsors had compromised as much as they reasonably could with the States and localities. What we present today is a good-faith effort to address State and local worries while still keeping intact one of the key goals of S. 150: to keep Internet access tax free from taxation.

I point in particular to our efforts to clarify that traditional telephone services would not become tax-exempt as a result of this legislation. Nor will this legislation prevent the States from imposing property, income, and other non-transactional taxes on Internet access providers. Nor would this bill make tax-free any service packaged with Internet access solely by virtue of such bundling. In addition, in order to give currently grandfathered States a reasonable amount of time to adjust their budgets, the bill extends the existing grandfathering provision by 3 years instead of terminating it immediately.

I also am aware that some of my colleagues object to the Internet tax moratorium because they believe that Congress has no role in how States and localities tax Internet access. I respect the views of those Members, but I also respectfully disagree with them on this matter. Interstate communications—including the Internet—are part and parcel of interstate commerce, which Congress has the constitutional right to regulate. This means that Congress does indeed have the right to determine how the Federal Government, the States, and localities tax the Internet.

There is also the argument that this extension is an unfunded mandate. On this point, it is important to note that this bill would not impose any additional responsibilities on State or local governments. Rather, S. 150 only says that States and localities may not impose taxes on Internet access. That's it. Furthermore, Congress made sure that ITFA held the Federal Government to the same standards as those imposed on the States. The act expresses the sense of Congress that no new Federal taxes on Internet access should be enacted. The Federal Government is in this with the States and localities because keeping Internet access tax-free is a core goal of our national economic policy.

With respect to the question of whether it's wise to make Internet access tax free, this body has a long history of giving tax incentives to commercial activities that we believe help our society. The Internet is a technology that is a source of and vehicle for significant economic benefits. The proponents of this legislation strongly believe the Internet clearly merits the tax incentives provided by S. 150. But this debate is not just about economic benefits.

During my presidential candidacy, one of the many rewarding experiences I had was seeing how the Internet served as a medium for political participation. Hundreds of thousands of people logged on to my campaign website where they were able to access information and organize. For me, keeping Internet access tax-free is about protecting consumers' wallets, but it also is about improving our political process and the right and ability of those citizens to participate fully in that process.

I recognize that there are others who wish to continue to make the Internet tax moratorium temporary. Their premise is that Internet technologies continue to evolve and thus Internet access may develop into a service the States and localities would wish to tax. I would respond that this moratorium should be permanent to continue encouraging those very Internet-related innovations. By making this moratorium permanent, the businesses that invest in and provide Internet access technologies will be able to operate in a predictable tax environment. This will result in continued investment in this very important medium.

I will be very candid on this point, though: If a permanent moratorium passes and 3, 4, 5 years down the road we find that the effects of this moratorium were other than what we intend today, I will join my colleagues in reviewing this issue and work to amend the legislation to correct any unforeseen problems with it. But that should only happen if and when there is a legitimate problem. That doesn't need to happen, and it shouldn't have to happen, on a predetermined schedule.

Today, however, we are here to vote on a bill that enjoys strong bi-partisan support—further evidence of the fact that this Senate believes in a permanent extension of the moratorium and the consumer and business benefits such an extension will bring. Likewise, H.R. 49, the Internet Tax Non-discrimination Act, which is similar to S. 150, also enjoyed significant support in the House of Representatives. Indeed, the House passed H.R. 49 in September with strong bipartisan support, including support from the House leadership of both parties.

S. 150 has been thoroughly vetted and considerably negotiated. It was approved by the Senate Committee on Commerce, Science, and Transportation in July after the committee held hearings on the bill. In October, the Senate Committee on Finance discharged S. 150 after that committee examined the bill. Throughout this legislative process, the various stakeholders have met several times to try to come as close to a middle ground as possible without sacrificing the basic goals of this legislation. I believe that this bill is a strong attempt to address the concerns and needs of all the relevant stakeholders.

For all of the reasons stated, I urge my colleagues to support this bill and add it to the long line of pro-consumer legislation we have passed this year—including the Do Not Call Registry and spam legislation. Let us again join together to give American consumers affordable access to the Internet, a crucial medium of communications, information, commerce, and political participation.

I look forward to hearing the debate and discussion by my colleagues on both sides of the issue. We hope to have an amendment proposed by the Senators from Delaware, Ohio, and Ten-

nessee, and we would like to debate that. Others would like to speak on that amendment, so we will not have a time certain set for that amendment. But we hope we can have it at a fairly early time in the morning. My understanding is we will be back in at 9:30.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. WYDEN. Madam President, I thank the chairman of the Commerce Committee, Senator MCCAIN, for beginning the discussion in the kind of tone I think we want to have for this debate. We have on the floor a number of Senators who have been the most interested in this issue. I tell them I think they represent the most thoughtful people not just in the Senate but in public life. We obviously have differences of opinion, but I think we are going to have an important debate, in a thoughtful fashion. The decibel level has certainly gotten pretty high in recent days on this issue.

I am very appreciative to the Senate Democrats who are supportive of the position Senator ALLEN and I have put together, particularly Senators LEAHY, BOXER, LINCOLN, and BAUCUS, all of whom joined as original sponsors of the managers' effort.

I wish to spend a few minutes tonight—I know other colleagues are anxious to talk—to describe how we got to this point and why I believe the approach Senator ALLEN and I are taking is a wise one.

About 7 years ago, after I came to the Senate, I began to think about how the Senate could write the rules of electronic commerce so as to be fair to all sides while at the same time allowing this tremendously exciting medium, the Internet, to flourish.

We were seeing early on problems with respect to how the Internet was regulated around the country. We saw discrimination. We saw in some jurisdictions, for example, if you bought the newspaper the traditional way, the snail-mail route, you would end up not paying a tax, but if you bought the online edition of that paper, you would pay a tax. That, it seemed to us, was a discrimination against technology. So about 7 years ago, I said the bedrock of our effort ought to be technological neutrality. The Internet should not get a preference, nor should the Internet be discriminated against.

I went to Senator MCCAIN and Senator LEAHY of Vermont, really known as the Senate's Mr. Internet. He was up on these issues when I think a lot of people thought a monitor was a television set. The two of them joined me in a bipartisan effort to pass this law that has now been on the books for more than 5 years.

When Senator ALLEN came to the Senate, he and I teamed up for a number of years on this issue, and, of course, other Senators who have come to this body.

I say in beginning the debate, many of those who now oppose the extension

of the law we are proposing are using the very same arguments they made 5 years ago that have not been borne out. For example, we were told years ago that the States would not be able to collect various taxes—property taxes, corporate taxes, and other kinds of taxes. We were told that all across America, Main Streets would shrivel up and die because of Internet sales. We were told that States would lose an enormous amount of revenue. I want to respond to each one of those arguments tonight.

First, with respect to loss of revenue, not one jurisdiction has come forward and given an example of how they are hurt by their inability to discriminate against electronic commerce. All the bill says is you cannot discriminate against electronic commerce, and not one State has come forward and given an example of how they have been hurt by their inability to discriminate against electronic commerce.

Not one independent study has been done in the last 5 years indicating that the States would lose revenue as a result of this bill.

Finally, with respect to this question of Main Street and the retail stores, what we have seen is during the period this law has been in effect, Internet sales have gone from 1 percent to 2 percent. I think it is fair to say our legislation has not exactly emptied the malls of America. In fact, in most of our malls, it is still pretty hard to find a parking spot.

As we go at this issue, it is important to look at the record, and particularly it is interesting to note it in the context of what was discussed tonight.

I have noted that a number of our colleagues, particularly from the rural areas—the Dakotas and other areas—have talked about the importance—and I share their view—of building the network out; of using funds, whether it be tax credits or Government moneys, to facilitate broadband to rural areas. Their effort is one that I support. But think about the consequences of our saying tonight on the floor of the Senate: Let's use Government dollars to help companies build out the network, promote broadband in rural areas. We will say that tonight, but tomorrow we will end up sticking it to consumers with new taxes with respect to Internet access.

In effect, the policies we are talking about promoting tonight with Government dollars—and many Senators are on legislation to offer tax credits to promote broadband to rural areas which would, in effect, be negated by the effort some are offering to allow for these taxes on Internet access.

Senator ALLEN and I have spent many months trying to work with the State and local governments to address their concerns. We have had months of negotiations, and those negotiations all went on before our distinguished colleagues—the Senators from Tennessee, Ohio, and Delaware—came into the debate.

I note that in the effort to try to find common ground, Senator ALLEN and I agreed to a number of requests that were made by State and local officials. We agreed, for example, to the request from State and local officials for new statutory language further tightening the definition of "Internet access."

We agreed to the request for new statutory language on what is called bundling, which is, in effect, where you have Internet access bundled with information technology services other than Internet access, and it is important to separate the two for taxable purposes.

In addition, we agreed to the requests from State and local officials for new statutory language protecting a variety of other taxes, such as property and income taxes, that were never affected by the original legislation we authored, but we thought in the name of trying to find common ground, we would add that as well.

We have agreed to a request for a savings clause on universal service and a variety of regulatory proceedings.

Finally, we have agreed to allow States grandfathered so as to protect existing treatment under their State laws of these services 3 more years of Internet access taxes.

I say as we begin tonight, Senator ALLEN and I in 2 months of negotiations agreed to five requests from State and local officials to try to find common ground on this matter, and I ask tonight, what has been offered in return? What have been offered in return are essentially these projections that say vast sums are going to be lost to the States if this legislation that Senator ALLEN and I have proposed is extended.

I just ask Senators to note the language associated with these projections. The language is always, this bill could cost such-and-such; and the sum is, of course, a very large number. Never is it presented in terms of any kind of independent study that this law has, in fact, cost revenue or would cause revenue to be lost in the future.

After Senator ALLEN and I made these five separate concessions in an effort to find common ground, we now have these various projections that, for all practical purposes, we are trying to convince the Senate that Western civilization is going to end if we urge that this law be updated.

I know colleagues are anxious to talk, and I certainly want to give them that opportunity. I close with one last point as we begin this discussion.

I think colleagues know the technology sector has taken a real pounding in the last couple of years, but what we have seen in the last few months is that the technology sector is beginning to have a resurgence. We have begun to see, both with respect to the stock market and capital investment in the sector, the technology area is really beginning to come back.

I say to my colleagues in the Senate, I think that if, in fact, the Senate

unravels the law of the last 5 years, fails to allow us to update this law, the progress that has been seen in the technology sector in the last few months could well unravel.

If, in fact, the more than 7,000 taxing jurisdictions in this country are allowed to take a bite out of the Internet, and we have the Internet access area broken down into its subparts and all of them are taxed, I think that could derail the very impressive progress we have seen in the technology sector in the last few months.

Let us not put in place a regime of multiple and discriminatory taxes on electronic commerce, if for no other reason than it would send a horrendous message to this sector where finally in the last few months we are beginning to see some resurgence.

I see my good friend from Virginia on his feet. I want to tell him how much I appreciate his cooperation. When I began this effort, he was a Governor and was supportive of our efforts then. I am pleased to have had a chance to team up with him as a member of the Commerce Committee.

I also say, because we have Senators who do not share the view of Senator ALLEN and myself—Senator VOINOVICH, Senator ALEXANDER, and Senator CARPER—that my door continues to be open to all Senators, including Senators who do not share our view, in an effort to try to find common ground.

Senator ALLEN and I thought the five concessions we made during 8 weeks of negotiations were part of an effort to be sensitive to the concerns of State and local bodies. Obviously, we have not done that to the satisfaction of all and our door remains open to all Senators.

I yield the floor.

The PRESIDING OFFICER (Mr. CHAMBLISS). The Senator from Virginia.

Mr. REID. Will the Senator from Virginia yield for a unanimous consent request? In fact, I have two of them.

Mr. ALLEN. I yield.

UNANIMOUS CONSENT REQUEST—H.R. 2559

Mr. REID. I appreciate it very much. It will just take a few minutes. I have two unanimous consent requests. I ask unanimous consent that the Senate proceed to the conference report to accompany H.R. 2559, the Military Construction appropriations bill; that the conference report be agreed to and the motion to reconsider be laid upon the table, with no intervening action or debate.

The PRESIDING OFFICER. Is there objection?

Mr. VOINOVICH. I object.

The PRESIDING OFFICER. The objection is heard.

Mr. REID. I would simply say that is unfortunate. This is a military construction conference report. I cannot believe there is any controversy on that. I appreciate my friend yielding to me.

UNANIMOUS CONSENT REQUEST—H.R. 1828

I ask unanimous consent that the order entered with respect to H.R. 1828, the Syria Accountability Act, be changed to reflect that the time for consideration of the measure be reduced to 60 minutes—the original time was 90 minutes—that the time be divided as follows: 30 minutes for Senator SPECTER and 15 minutes each under the control of Senators LUGAR or BOXER or their designees; that at 9 a.m., Friday, November 7, the Senate then proceed to consider the measure under the limitations as provided under the previous order as modified above, with the remaining provisions remaining in effect.

The PRESIDING OFFICER. Is there objection?

Mr. VOINOVICH. I object.

The PRESIDING OFFICER. The objection is heard.

Mr. REID. I, again, extend my appreciation to the Senator from Virginia for yielding. I will speak at more length at a later time on why I think it was important that these unanimous consents be approved tonight.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ALLEN. Mr. President, I rise this evening to ask my colleagues to support S. 150, the Internet Tax Non-discrimination Act, and the substitute or managers' amendment that has recently been adopted.

I thank our chairman of the Commerce Committee, JOHN MCCAIN, our commodore, on his great navigational skills as we worked through this measure. I also thank my colleague from Oregon, Senator WYDEN, for his great leadership, assistance, and true partnership in trying to get this measure through for greater opportunity for Americans.

I also thank others who are on this amendment, Senators GRASSLEY, HATCH, SUNUNU, LEAHY, BAUCUS, BOXER, LINCOLN, SMITH, the high-tech task force chairman, Senator JOHN ENSIGN, Senator WARNER of Virginia, Senator BURNS, who is chairman of the Internet Caucus, and the Senator who is in the chair right now, Mr. CHAMBLISS. All have helped work on this reasonable compromise.

There have been a number of concerns to this measure raised by our opponents. We have had several months of negotiations. I am confident the bill as it is presented to us on the Senate floor strikes an appropriate balance between protecting every American from harmful regressive taxes on Internet access while ensuring that necessary protections are in place for State and local governments to maintain their existing revenue base.

The fundamental principle driving this legislation is very simple and clear, and that is the Internet must remain as accessible as possible to all people in all parts of America forever. This was a principle established in the 1998 legislation when Congress passed the Internet Tax Freedom Act and it is the principle I ask all Senators to keep