

(c) EFFECTIVE DATE.—Paragraphs (8) and (9) of section 127(c) of the Truth in Lending Act, as added by this section, shall apply to the issuance of credit card accounts under open end consumer credit plans, and any increase of the amount of credit authorized to be extended thereunder, as described in those paragraphs, on and after the date of enactment of this Act.

Mr. LEAHY. Mr. President, I do not have further matters. 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. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. GRASSLEY. Mr. President, I have some unanimous consent requests that the leader has asked me to make.

ORDER FOR VOTES ON AMENDMENTS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that at 11 a.m. on Tuesday, as under the order, the Senate proceed to a vote in relation to the following amendments, and further, no amendments be ordered to the amendments prior to the votes: the Feinstein amendment No. 27, as modified, and the Kennedy amendment No. 39.

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

MORNING BUSINESS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate now be in a period for morning business, with Senators permitted to speak for up to 10 minutes each.

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

INTERNET TAX MORATORIUM AND EQUITTY ACT

Mr. GRAHAM. Mr. President, it is an unfortunate irony that the important things in life are often left unsaid. It may surprise some to know that, of all things, congressional legislation cannot escape this truism.

In fact, the most important piece of education legislation Congress considers this year will not mention schools or students. The most important law enforcement legislation we consider this year will not recognize the officers that safeguard our streets. And, the most important piece of emergency services legislation we address this year will not reference the firefighters and paramedics who keep our communities safe.

In 1998, Congress passed the Internet Tax Freedom Act. That bill imposed a three year moratorium on specific State taxes applicable to the Internet. The legislation didn't affect the States' ability to impose sales tax on Internet purchases, nor did it fix the unfair advantage "e-tailers" currently have over their main street competitors with respect to their responsibility to collect sales and use taxes.

As a result of two Supreme Court rulings, a State is prohibited from requiring out-of-State retailers from collecting sales tax on purchases made by its residents if the business has no presence in the State. The sales tax still applies, it just has to be collected directly from the purchaser. For a variety of reasons, very little of this tax is ever collected.

The Internet Tax Freedom Act created the Advisory Commission on Electronic Commerce which was supposed to come up with a solution to this problem. Instead the Commission was hijacked by a small group who opted to demagogue this issue to further their "anti-tax" agenda. The result was a year-long study of an issue with little in the form of useful recommendations.

The game plan of the forces supporting the status quo is clear: delay, delay, delay. Keep extending the moratorium until there is a sufficiently large political constituency to permanently block the collection of sales taxes on purchases made over the Internet.

This is not a hidden agenda. Governor Gilmore, Chairman of the Advisory Commission on Electronic Commerce stated it clearly when he said that "I believe America should ban sales and use taxes on the Internet permanently, for all time. If we secure tax freedom on the Internet through 2006, tax freedom on the Internet will become an entitlement for the American people and a political inevitability. No tax collector will be welcome on the Internet after 2006."

Let me be clear: this is not about whether purchases made over the Internet are subject to sales tax. They already are. The question is whether Internet sellers should have the same responsibility to collect the sales tax as their Main Street competitors.

If we answer this question with a "no," funding for education, law enforcement and emergency services will suffer. Why? Because States have the fundamental responsibility of financing public education in our country. Patrolling our streets, safeguarding the health and safety of our citizens—these tasks could not be accomplished without our State and local governments.

For most States, sales tax revenue is the primary means by which States fulfill these responsibilities. Because many States rely on sales taxes for their general revenue, the equation is simple—no collection of sales tax on the Internet means less money for new schools, police officers, and rapid response equipment. Six States—Florida, Nevada, South Dakota, Tennessee, Texas and Washington rely on sales taxes for more than half of their total tax revenue.

According to the General Accounting Office, by 2003 losses to State and local government revenues from uncollected sales taxes on Internet sales could climb as high as \$12.5 billion. Florida's share of that lost revenue could be as

much as \$1 billion. When asked why he robbed banks, Willie Sutton replied, "that's where the money is." Today, the money is increasingly on the Internet.

There is another reason to fix this issue: fairness. No one would seriously consider a proposal that barred State and local governments from collecting sales and use taxes from retailers who operate in green buildings. That would be unfair to those businesses that aren't located in green buildings. Yet that is fundamentally what proponents of the status quo argue for Internet retailers.

Our position should be clear: no more delays. No more moratoriums until Congress agrees to a process whereby States are directed to simplify their sales tax systems in exchange for the authority they need to require remote sellers to collect their sales taxes.

The legislation introduced last Friday takes the first positive step in this direction. That bill extends the current moratorium on Internet access taxes and multiple or discriminatory taxes on the Internet, a prohibition that virtually all agree should be imposed.

More importantly, however, it establishes a process whereby States can cooperatively unify and simplify their sales and use tax systems. Sales tax laws must be made significantly more uniform across the states and the administration of the tax must be substantially overhauled and simplified. The goal of this legislation is to develop a simple, uniform and fair system of sales tax collection. It will reduce the burden on remote sellers while protecting State and local sovereignty.

Once States have adopted this simplified system, they would then have the authority to require remote sellers to collect and remit sales and use taxes to the State.

Previous attempts to require remote sellers to collect sales and use taxes have been criticized on the grounds that it was unreasonable to require businesses to keep track of the nearly 7,500 separate jurisdictions levying sales and use taxes. This bill addresses that criticism by requiring the states to dramatically simplify their sales and use tax systems by establishing uniform definitions and fewer rates.

The streamlined sales and use tax system envisioned by this legislation follows the guidance offered by the Advisory Commission on Electronic Commerce. The attributes of this streamlined system include: a centralized, one-stop, multi-state registration system for sellers; uniform definitions for goods or services that would be included in the tax base; uniform and simple rules for attributing transactions to particular taxing jurisdictions; uniform rules for the designation of and identification of purchasers exempt from tax; uniform certification procedures for software that sellers may rely on to determine State and