

Union Calendar No. 339

105TH CONGRESS
2^D Session

H. R. 3849

[Report No. 105-570, Parts I and II]

A BILL

To amend the Communications Act of 1934 to establish a national policy against Federal and State regulation of Internet access and online services, and to exercise congressional jurisdiction over interstate and foreign commerce by establishing a moratorium on the imposition of exactions that would interfere with the free flow of commerce conducted over the Internet, and for other purposes.

JUNE 25, 1998

The Committees on Ways and Means and Rules discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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IN THE HOUSE OF REPRESENTATIVES

MAY 12, 1998

Mr. COX of California (for himself and Mr. WHITE) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Ways and Means, the Judiciary, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

JUNE 5, 1998

Reported from the Committee on Commerce with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

JUNE 5, 1998

Referral to the Committees on Ways and Means, the Judiciary, and Rules extended for a period ending not later than June 19, 1998

JUNE 19, 1998

Reported from the Committee on the Judiciary with amendments

[Omit the part in black brackets and insert the part printed in **boldface roman**]

JUNE 19, 1998

Referral to the Committee on Ways and Means and Rules extended for a period ending not later than June 26, 1998

JUNE 25, 1998

Additional sponsors: Mr. EHLERS, Mr. SOLOMON, and Mr. FOSSELLA

JUNE 25, 1998

The Committees on Ways and Means and Rules discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To amend the Communications Act of 1934 to establish a national policy against Federal and State regulation of Internet access and online services, and to exercise congressional jurisdiction over interstate and foreign commerce by establishing a moratorium on the imposition of exactions that would interfere with the free flow of commerce conducted over the Internet, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Internet Tax Freedom
5 Act”.

6 **SEC. 2. PROVISION OF INTERNET ACCESS AND ONLINE**
7 **SERVICES.**

8 Title II of the Communications Act of 1934 is
9 amended by inserting after section 230 (47 U.S.C. 230)
10 the following new section:

1 **“SEC. 231. PROHIBITION ON REGULATION OF INTERNET AC-**
 2 **CESS AND ONLINE SERVICES.**

3 “(a) The Commission shall have no authority or juris-
 4 diction under this title or section 4(i) of the Communica-
 5 tions Act of 1934, as amended (47 U.S.C. 154(i)), nor
 6 shall any State commission have any authority or jurisdic-
 7 tion, to regulate the prices or charges paid by subscribers
 8 for Internet access or online services.

9 “(b) **PRESERVATION OF AUTHORITY.**—Nothing in
 10 this subsection shall limit or otherwise affect—

11 “(1) the Commission’s or State Commission’s
 12 implementation of the Telecommunications Act of
 13 1996 (Public Law 104–104) or the amendments
 14 made by such Act; and

15 “(2) the Commission’s or State Commission’s
 16 authority to regulate common carriers that offer
 17 Internet access or online services in conjunction with
 18 the provision of any telephone toll, telephone ex-
 19 change, or exchange access services as such terms
 20 are defined in title I.

21 “(c) **DEFINITIONS.**—As used in this section:

22 “(1) **INTERNET.**—The term ‘Internet’ means
 23 the combination of computer facilities and electro-
 24 magnetic transmission media, and related equipment
 25 and software, comprising the interconnected world-
 26 wide network of computer networks that employ the

1 Transmission Control Protocol/Internet Protocol, or
 2 any predecessor or successor protocol, to transmit
 3 information.

4 “(2) INTERNET ACCESS.—The term ‘Internet
 5 access’ means a service that enables users to access
 6 content, information, and other services offered over
 7 the Internet.

8 “(3) ONLINE SERVICE.—The term ‘online serv-
 9 ice’ means the offering or provision of content or in-
 10 formation services to a user as part of a package of
 11 services that are combined with Internet access.”.

12 **SEC. 3. FEDERAL REGULATORY FEES.**

13 (a) NO REGULATORY FEES.—Title II of the Commu-
 14 nications Act of 1934 is amended by inserting in section
 15 9(h) (47 U.S.C. 159(h)) after “47 C.F.R. Part 97” “; or
 16 (3) providers of Internet access or online service”.

17 (b) CONFORMING AMENDMENT.—Section 9(h) of the
 18 Communications Act of 1934 (47 U.S.C. 159(h)) is
 19 amended by striking “or” that appears before “(2)”.

20 (c) DETERMINATION.—Not later than 1 year after
 21 the date of the enactment of this Act, the National Tele-
 22 communications and Information Administration shall de-
 23 termine whether any direct or indirect Federal regulatory
 24 fees, other than the fees identified in subsection (a), are
 25 imposed on providers of Internet access or online services;

1 and if so, make recommendations to the Congress regard-
2 ing whether such fees should be modified or eliminated.

3 **SEC. 4. REPORT ON FOREIGN COMMERCE.**

4 (a) **CONTENTS OF REPORT.**—In order to promote
5 electronic commerce, the Secretary of Commerce, in con-
6 sultation with appropriate committees of the Congress,
7 shall undertake an examination of—

8 (1) barriers imposed in foreign markets on
9 United States providers of property, goods, services,
10 or information engaged in electronic commerce and
11 on United States providers of telecommunications
12 services;

13 (2) how the imposition of such barriers will af-
14 fect United States consumers, the competitiveness of
15 United States citizens providing property, goods,
16 service, or information in foreign markets, and the
17 growth and maturing of the Internet; and

18 (3) what measures the Government should pur-
19 sue to foster, promote, and develop electronic com-
20 merce in the United States and in foreign markets.

21 (b) **PUBLIC COMMENT.**—For purposes of this section,
22 the Secretary of Commerce shall give all interested per-
23 sons an opportunity to comment on the matters identified
24 in subsection (a) through written or oral presentations of
25 data, views, or arguments.

1 (c) TRANSMITTAL TO THE PRESIDENT.—Not later
 2 than 18 months after the date of the enactment of this
 3 Act, the Secretary of Commerce shall transmit to the
 4 President a report containing the results of the examina-
 5 tion undertaken in accordance with subsection (a).

6 (d) RECOMMENDATIONS OF THE PRESIDENT.—Not
 7 later than 2 years and 45 days after the date of the enact-
 8 ment of this Act, the President shall review the report de-
 9 scribed in subsection (c) and submit to the appropriate
 10 committees of Congress such policy recommendations as
 11 the President deems necessary or expedient.

12 **~~[SEC. 5. MORATORIUM ON CERTAIN TAXES.~~**

13 ~~[(a) MORATORIUM.—For a period of 3 years follow-~~
 14 ~~ing the date of the enactment of this Act, neither any~~
 15 ~~State, nor any political subdivision thereof, shall impose,~~
 16 ~~assess, collect, or attempt to collect—~~

17 ~~[(1) taxes on Internet access or online services;~~

18 ~~[(2) bit taxes; or~~

19 ~~[(3) multiple or discriminatory taxes on elec-~~
 20 ~~tronic commerce.~~

21 ~~[(b) EXCEPTION TO MORATORIUM.—(1) The mora-~~
 22 ~~torium in subsection (a)(1) shall not apply to taxes on~~
 23 ~~Internet access or online services generally imposed and~~
 24 ~~actually enforced under State law before March 1, 1998.~~

1 ~~[(2) Subsection (b)(1) shall be enforceable only if a~~
 2 State enacts a law to expressly impose such tax within
 3 one year from the date of enactment. Failure of a State
 4 to act does not affect liabilities for taxes accrued and en-
 5 forced prior to March 1, 1998 nor does it affect ongoing
 6 litigation relating to such assessments.

7 ~~[(c) APPLICATION OF MORATORIUM.—Subsection (a)~~
 8 shall not apply with respect to the provision of Internet
 9 access or online services that are offered for sale as part
 10 of a package of services that includes services other than
 11 Internet access or online services, unless the service pro-
 12 vider separately states that portion of the billing that ap-
 13 plies to such services on the user's bill.

14 ~~[SEC. 6. ADVISORY COMMISSION ON ELECTRONIC COM-~~
 15 ~~MERCE.~~

16 ~~[(a) ESTABLISHMENT OF COMMISSION.—There is es-~~
 17 tablished a temporary commission to be known as the Ad-
 18 visory Commission on Electronic Commerce (in this Act
 19 referred to as the “Commission”). The Commission
 20 shall—

21 ~~[(1) be composed of 29 members, which in-~~
 22 cludes 2 chairpersons selected in accordance with
 23 subsection (b); and

24 ~~[(2) conduct its business in accordance with~~
 25 the provisions of this Act.

1 ~~[(b) MEMBERSHIP.—~~

2 ~~[(1) IN GENERAL.—The Commissioners shall~~
3 ~~serve for the life of the Commission. The member-~~
4 ~~ship of the Commission shall be as follows:~~

5 ~~[(A) Two representatives from the Federal~~
6 ~~Government comprised of the Secretary Of~~
7 ~~Commerce and the Secretary of the Treasury,~~
8 ~~or their respective representatives.~~

9 ~~[(B) Fourteen representatives from State,~~
10 ~~local, and county governments comprised of 2~~
11 ~~representatives each from the National gov-~~
12 ~~ernors' Association, the National Conference of~~
13 ~~State Legislatures, the Council of State Govern-~~
14 ~~ments, the National Association of Counties,~~
15 ~~the National League of Cities, and the United~~
16 ~~States Conferences of Mayors; and 1 represent-~~
17 ~~ative each from the International City/County~~
18 ~~Managers Association and the American Legis-~~
19 ~~lative Exchange Council.~~

20 ~~[(C) Thirteen representatives of taxpayers~~
21 ~~and business, of which 3 shall be appointed by~~
22 ~~the President and 2 each shall be appointed by~~
23 ~~the Senate majority leader, the Senate minority~~
24 ~~leader, the Speaker of the House, the House~~
25 ~~majority leader, and the house minority leader.~~

1 ~~[(2) CHAIRPERSON.—~~The Commission shall
2 have 2 chairpersons to serve as co-chairpersons. One
3 of the Chairpersons shall be a representative selected
4 by the National Governors Association from 1 of the
5 groups identified in subsection (b)(1)(B). The other
6 Chairperson shall be a representative selected jointly
7 by the Speaker of the house of Representatives and
8 the majority leader of the Senate from 1 of the
9 groups identified in subsection (b)(1)(C).

10 ~~[(3) APPOINTMENTS.—~~Appointments to the
11 Commission shall be made not later than 45 days
12 after the date of enactment of this Act. The Chair-
13 persons shall be appointed not later than 60 days
14 after the date of the enactment of this Act.

15 ~~[(e) ACCEPTANCE OF GIFTS AND GRANTS.—~~The
16 Commission may accept, use, and dispose of gifts or
17 grants of services or property, both real and personal, for
18 purposes of aiding or facilitating the work of the Commis-
19 sion. Gifts or grants not used at the expiration of the
20 Commission shall be returned to the donor or grantor.

21 ~~[(d) OTHER RESOURCES.—~~The Commission shall
22 have reasonable access to materials, resources, data, and
23 other information from the Department of Commerce and
24 the Department of the Treasury. The Commission shall
25 also have reasonable access to use the facilities of the De-

1 partment of the Commerce and Department of the Treas-
 2 ury for purposes of conducting meetings.

3 ~~[(e) SUNSET.—The existence of the Commission~~
 4 ~~shall terminate—~~

5 ~~[(1) when the last of the committees of jurisdic-~~
 6 ~~tion referred to in section 8 concludes consider-~~
 7 ~~ation of the legislation proposed under section 7; or~~

8 ~~[(2) 3 years after the date of the enactment of~~
 9 ~~this Act;~~

10 ~~whichever occurs first.~~

11 ~~[(f) RULES OF THE COMMISSION.—~~

12 ~~[(1) Fifteen members of the Commission shall~~
 13 ~~constitute a quorum for conducting the business of~~
 14 ~~the Commission.~~

15 ~~[(2) Any meetings held by the Commission~~
 16 ~~shall be duly noticed at least 14 days in advance and~~
 17 ~~shall be open to the public.~~

18 ~~[(3) The Commission may adopt other rules as~~
 19 ~~needed.~~

20 ~~[(g) DUTIES OF THE COMMISSION.—The Commis-~~
 21 ~~sion, in consultation with the National Tax Association~~
 22 ~~Communications and Electronic Commerce Tax Project,~~
 23 ~~and other interested parties, shall—~~

24 ~~[(1) identify the taxes, fees, and charges im-~~
 25 ~~posed on electronic commerce within the United~~

1 States that could impede the development of such
2 commerce;

3 ~~[(2) propose a uniform system of definitions of~~
4 ~~electronic commerce that may be subject to sales~~
5 ~~and use tax within each State;~~

6 ~~[(3) propose a simplified system for sales and~~
7 ~~use tax for electronic commerce that would provide~~
8 ~~for a single statewide sales or use tax rate (which~~
9 ~~rate may be zero); and would establish a method of~~
10 ~~distributing to political subdivisions within each~~
11 ~~State their proportionate share of such taxes;~~

12 ~~[(4) examine ways to simplify the interstate ad-~~
13 ~~ministration of sales and use tax on electronic com-~~
14 ~~merce, including a review of the need for a single or~~
15 ~~uniform tax registration, single or uniform tax re-~~
16 ~~turns, simplified remittance requirements, and sim-~~
17 ~~plified administrative procedures;~~

18 ~~[(5) examine the need for an independent third~~
19 ~~party collection system that would utilize the Inter-~~
20 ~~net to further simplify sales and use tax administra-~~
21 ~~tion and collection;~~

22 ~~[(6) examine the level of contacts sufficient to~~
23 ~~permit a State to impose a sales or use tax on elec-~~
24 ~~tronic commerce that would subject a remote seller~~
25 ~~to collection obligations imposed by the State, in-~~

1 including the definition of a level of contacts below
 2 which a State may not impose collection obligations
 3 on a remote seller;

4 ~~[(7) examine the level of contacts sufficient to~~
 5 ~~permit a State to impose sales or use tax on trans-~~
 6 ~~actions not involving electronic commerce, and~~
 7 ~~whether collection obligations imposed by a State are~~
 8 ~~applied in a nondiscriminatory manner with respect~~
 9 ~~to electronic commerce and such transactions;~~

10 ~~[(8) examine ways to simplify State and local~~
 11 ~~taxes imposed on the provision of telecommuni-~~
 12 ~~cations services; and~~

13 ~~[(9) examine other issues that the Commission~~
 14 ~~determines to be relevant.~~

15 ~~[(h) FEDERAL ADVISORY COMMITTEE ACT.—The~~
 16 ~~Federal Advisory Committee Act (5 U.S.C. App.) shall not~~
 17 ~~apply with respect to the Commission.~~

18 ~~**[SEC. 7. LEGISLATIVE RECOMMENDATIONS.**~~

19 ~~[(a) TRANSMISSION OF PROPOSED LEGISLATION.—~~
 20 ~~Not later than 2 years after the date of the enactment~~
 21 ~~of this Act, the Commission described in section 6 shall~~
 22 ~~transmit to the President and the Congress proposed legis-~~
 23 ~~lation reflecting any findings concerning the matters de-~~
 24 ~~scribed in such section.~~

1 ~~[(b) CONTENTS OF PROPOSED LEGISLATION.—The~~
2 ~~proposed legislation submitted under subsection (a) by the~~
3 ~~Commission shall have been agreed to by at least 18 mem-~~
4 ~~bers of the Commission and shall—~~

5 ~~[(1) define with particularity the level of con-~~
6 ~~tacts between a State and remote seller that the~~
7 ~~Commission considers should be sufficient to permit~~
8 ~~a State to impose collection obligations on the re-~~
9 ~~mote seller;~~

10 ~~[(2) provide that if, and only if, a State has~~
11 ~~adopted a single sales and use tax rate for electronic~~
12 ~~commerce, and adopted simplified procedures for the~~
13 ~~administration of its sales and use taxes, including~~
14 ~~uniform registration, tax returns, remittance re-~~
15 ~~quirements, and filing procedures, then such State~~
16 ~~should be authorized to impose on remote sellers a~~
17 ~~duty to collect sales or use tax on electronic com-~~
18 ~~mmerce;~~

19 ~~[(3) provide that, effective upon the expiration~~
20 ~~of a 4-year period beginning on the date of the en-~~
21 ~~actment of such legislation, a State that does not~~
22 ~~have in effect a single sales and use tax rate and~~
23 ~~simplified administrative procedures shall be deemed~~
24 ~~to have in effect a sales and use tax rate on elec-~~
25 ~~tronic commerce equal to zero, until such time as~~

1 such State does adopt a single sales and use tax rate
2 and simplified administrative procedures;

3 ~~[(4) include uniform definitions of categories of~~
4 ~~property, goods, services, or information subject to,~~
5 ~~or exempt from, sales and use taxes;~~

6 ~~[(5) make permanent the temporary morato-~~
7 ~~rium described in section 5 with respect to Internet~~
8 ~~access and online services, as well as such other~~
9 ~~taxes (including those described in section 5) that~~
10 ~~the Commission deems appropriate;~~

11 ~~[(6) provide a mechanism for the resolution of~~
12 ~~disputes between States regarding matters involving~~
13 ~~multiple taxation; and~~

14 ~~[(7) include other provisions that the Commis-~~
15 ~~sion deems necessary.~~

16 ~~[(c) RECOMMENDATIONS OF THE PRESIDENT.—Not~~
17 ~~later than 45 days after the receipt of the Commission's~~
18 ~~legislative proposals, the President shall review such pro-~~
19 ~~posals and submit to the appropriate committees of the~~
20 ~~Congress such policy recommendations as the President~~
21 ~~deems necessary or expedient.]~~

22 **SEC. ~~[8.]~~ 5. EXPEDITED CONSIDERATION OF LEGISLATIVE**
23 **RECOMMENDATIONS.**

24 (a) Not later than 90 legislative days after the trans-
25 mission to the Congress of the proposed legislation de-

1 scribed in section 7, such legislation shall be considered
 2 by the respective committees of jurisdiction within the
 3 House of Representatives and the Senate; and, if reported,
 4 shall be referred to the proper calendar on the floor of
 5 each House for final action.

6 (b) For purposes of this section, the 90-day period
 7 shall be computed by excluding—

8 (1) the days on which either House is not in
 9 session because of an adjournment of more than 3
 10 days to a day certain or an adjournment of the Con-
 11 gress sine die; and

12 (2) any Saturday and Sunday, not excluded
 13 under paragraph (1), when either House is not in
 14 session.

15 **SEC. [9.] 6. DECLARATION THAT THE INTERNET SHOULD**
 16 **BE FREE OF FOREIGN TARIFFS, TRADE BAR-**
 17 **RIERS, AND OTHER RESTRICTIONS.**

18 It is the sense of the Congress that the President
 19 should seek bilateral and multilateral agreements through
 20 the World Trade Organization, the Organization for Eco-
 21 nomic Cooperation and Development, the International
 22 Telecommunications Union, the Asia Pacific Economic
 23 Cooperation Council, the Free Trade Area of the Ameri-
 24 eas, and other appropriate international fora. Such agree-
 25 ments should require, inter alia, that the provision of

1 Internet access or online services be free from undue and
 2 discriminatory regulation by foreign governments and that
 3 electronic commercial transactions between United States
 4 and foreign providers of property, goods, services, and in-
 5 formation be free from undue and discriminatory regula-
 6 tion, international tariffs, and discriminatory taxation.

7 **[SEC. 10. DEFINITIONS.**

8 **[For the purposes of this Act:**

9 **[(1) BIT TAX.—**The term “bit tax” means any
 10 tax on electronic commerce expressly imposed on or
 11 measured by the volume of digital information trans-
 12 mitted electronically, or the volume of digital infor-
 13 mation per unit of time transmitted electronically,
 14 but does not include taxes imposed on the provision
 15 of telecommunications services.

16 **[(2) COMPUTER SERVER.—**The term “com-
 17 puter server” means a computer that functions as a
 18 centralized provider of information and services to
 19 multiple recipients.

20 **[(3) DISCRIMINATORY TAX.—**The term “dis-
 21 criminatory tax” means—

22 **[(A)** any tax imposed by a State or politi-
 23 cal subdivision thereof on electronic commerce
 24 that—

1 ~~[(i) is not generally imposed and le-~~
2 ~~gally collectible by such State or such polit-~~
3 ~~ical subdivision on transactions involving~~
4 ~~similar property, goods, services, or infor-~~
5 ~~mation accomplished through other means;~~

6 ~~[(ii) is not generally imposed and le-~~
7 ~~gally collectible at the same rate by such~~
8 ~~State or such political subdivision on~~
9 ~~transactions involving similar property,~~
10 ~~goods, services, or information accom-~~
11 ~~plished through other means;~~

12 ~~[(iii) imposes an obligation to collect~~
13 ~~or pay the tax on a different person or en-~~
14 ~~tity than in the case of transactions involv-~~
15 ~~ing similar property, goods, services, or in-~~
16 ~~formation accomplished through other~~
17 ~~means;~~

18 ~~[(iv) establishes a classification of~~
19 ~~Internet access provider or online service~~
20 ~~provider for purposes of establishing a~~
21 ~~higher tax rate to be imposed on such pro-~~
22 ~~viders than the tax rate generally applied~~
23 ~~to providers of similar information services~~
24 ~~delivered through other means; or~~

1 ~~[(B)~~ any tax imposed by a State or politi-
 2 cal subdivision thereof, if—

3 ~~[(i)~~ the use of a computer server by
 4 a remote seller to create or maintain a site
 5 on the Internet is considered a factor in
 6 determining a remote seller’s tax collection
 7 obligation; or

8 ~~[(ii)~~ a provider of Internet access or
 9 online services is deemed to be the agent of
 10 a remote seller for determining tax collec-
 11 tion obligations as a result of—

12 ~~[(I)~~ the provider displaying a re-
 13 mote seller’s information or content
 14 on such provider’s computer server; or

15 ~~[(II)~~ the provider maintaining or
 16 taking orders through such provider’s
 17 computer server.

18 ~~[(4)~~ **ELECTRONIC COMMERCE.**—The term
 19 “electronic commerce” means any transaction con-
 20 ducted over the Internet or an online service, com-
 21 prising the sale, lease, license, offer, or delivery of
 22 property, goods, services, or information, whether or
 23 not for consideration, and includes the provision of
 24 Internet access and online services.

1 ~~[(5) INFORMATION SERVICES.—The term “in-~~
 2 ~~formation services” has the meaning given such~~
 3 ~~term in section 3(20) of the Communications Act of~~
 4 ~~1934 (47 U.S.C. 3(20)) as amended from time to~~
 5 ~~time.~~

6 ~~[(6) INTERNET.—The term “Internet” means~~
 7 ~~the combination of computer facilities and electro-~~
 8 ~~magnetic transmission media, and related equipment~~
 9 ~~and software, comprising the interconnected world-~~
 10 ~~wide network of computer networks that employ the~~
 11 ~~Transmission Control Protocol/Internet Protocol, or~~
 12 ~~any predecessor or successor protocol, to transmit~~
 13 ~~information.~~

14 ~~[(7) INTERNET ACCESS.—The term “Internet~~
 15 ~~access” means a service that enable users to access~~
 16 ~~content, information, and other services offered over~~
 17 ~~the Internet.~~

18 ~~[(8) MULTIPLE TAX.—The term “multiple tax”~~
 19 ~~means—~~

20 ~~[(A) any tax that is imposed by one State~~
 21 ~~or political subdivision thereof on the same or~~
 22 ~~essentially the same electronic commerce that is~~
 23 ~~also taxed by any other (or the same State, ex-~~
 24 ~~cept in the case of sales taxes) State or political~~
 25 ~~subdivision thereof whether or not at the same~~

1 rate or on the same basis without an offsetting
 2 credit for taxes paid in other jurisdictions or
 3 other similar mechanisms for avoiding double
 4 taxation of the same transaction; or

5 ~~[(B) any tax on Internet access or online~~
 6 ~~services if the State or political subdivision~~
 7 ~~thereof classifies such services as telecommuni-~~
 8 ~~cations or communications services under State~~
 9 ~~law and such State or political subdivision~~
 10 ~~thereof has already imposed a tax on the under-~~
 11 ~~lying telecommunications services that are used~~
 12 ~~to provide such services without allowing a~~
 13 ~~credit for other taxes paid, a sale for resale ex-~~
 14 ~~emption, or other mechanism for eliminating~~
 15 ~~duplicate taxation.~~

16 ~~[(9) ONLINE SERVICE.—The term “online serv-~~
 17 ~~ice” means the offering or provision of content or in-~~
 18 ~~formation services to a user as part of a package of~~
 19 ~~services that are combined with Internet access.~~

20 ~~[(10) REMOTE SELLER.—The term “remote~~
 21 ~~seller” means a person who sells, leases, licenses, of-~~
 22 ~~fers, or delivers property, goods, services, or infor-~~
 23 ~~mation from one State to a purchaser in another~~
 24 ~~State using the Internet.~~

1 ~~[(11) STATE.—The term “State” means any of~~
 2 ~~the several States, the District of Columbia, or any~~
 3 ~~territory or possession of the United States.~~

4 ~~[(12) TAX.—The term “tax” means—~~

5 ~~[(A) any levy, fee, or charge imposed~~
 6 ~~under governmental authority by any govern-~~
 7 ~~mental entity; or~~

8 ~~[(B) the imposition of or obligation to col-~~
 9 ~~lect and to remit to a governmental entity any~~
 10 ~~such levy, fee, or charge imposed by a govern-~~
 11 ~~mental entity.~~

12 ~~Such term does not include any franchise fees or~~
 13 ~~similar fees imposed by a State or local franchising~~
 14 ~~authority, pursuant to section 622 or 653 of the~~
 15 ~~Communications Act of 1934 (47 U.S.C. 542, 573),~~
 16 ~~as amended.~~

17 ~~[(13) TELECOMMUNICATIONS SERVICES.—The term~~
 18 ~~“telecommunications services” has the meaning given such~~
 19 ~~term in section 3(46) of the Communications Act of 1934~~
 20 ~~(47 U.S.C. 3(46)).~~

21 **~~SEC. [11.] 7. NO EXPANSION OF TAX AUTHORITY.~~**

22 ~~Nothing in this Act shall be construed to expand the~~
 23 ~~power of any State or political subdivision thereof to col-~~
 24 ~~lect taxes on Internet access, online services, bits, or elec-~~

1 tronic commerce beyond the power that existed on March
2 1, 1998.

3 **SEC. ~~[12.]~~ 8. PRESERVATION OF AUTHORITY.**

4 Nothing in this Act shall limit or otherwise affect the
5 implementation of the Telecommunications Act of 1996
6 (Public Law ~~104–104~~) or amendments made by such Act.

7 **SECTION 1. SHORT TITLE.**

8 *This Act may be cited as the “Internet Tax Freedom*
9 *Act”.*

10 **SEC. 2. PROVISION OF INTERNET ACCESS AND ONLINE**
11 **SERVICES.**

12 *Title II of the Communications Act of 1934 is amended*
13 *by inserting after section 230 (47 U.S.C. 230) the following*
14 *new section:*

15 **“SEC. 231. PROHIBITION ON REGULATION OF INTERNET AC-**
16 **CESS AND ONLINE SERVICES.**

17 “(a) *PROHIBITION.—The Commission shall have no*
18 *authority or jurisdiction under this title or section 4(i), nor*
19 *shall any State commission have any authority or jurisdic-*
20 *tion, to regulate the prices or charges paid by subscribers*
21 *for Internet access or online services.*

22 “(b) *PRESERVATION OF AUTHORITY.—Nothing in this*
23 *subsection shall limit or otherwise affect—*

24 *“(1) the Commission’s or State commissions’ im-*
25 *plementation of the Telecommunications Act of 1996*

1 *(Public Law 104–104) or the amendments made by*
2 *such Act; and*

3 “(2) *the Commission’s or State commissions’ au-*
4 *thority to regulate telecommunications carriers that*
5 *offer Internet access or online services in conjunction*
6 *with the provision of any telephone toll, telephone ex-*
7 *change, or exchange access services as such terms are*
8 *defined in title I.*

9 “(c) *DEFINITIONS.—As used in this section:*

10 “(1) *INTERNET.—The term ‘Internet’ means the*
11 *combination of computer facilities and electro-*
12 *magnetic transmission media, and related equipment*
13 *and software, comprising the interconnected world-*
14 *wide network of computer networks that employ the*
15 *Transmission Control Protocol/Internet Protocol, or*
16 *any predecessor or successor protocol, to transmit in-*
17 *formation.*

18 “(2) *INTERNET ACCESS.—The term ‘Internet ac-*
19 *cess’ means a service that enables users to access con-*
20 *tent, information, and other services offered over the*
21 *Internet, but does not mean a telecommunications*
22 *service.*

23 “(3) *ONLINE SERVICE.—The term ‘online service’*
24 *means the offering or provision of information serv-*
25 *ices combined with Internet access to a user.’’.*

1 **SEC. 3. FEDERAL REGULATORY FEES.**

2 (a) *NO REGULATORY FEES.*—Section 9(h) of the Com-
 3 munications Act of 1934 (47 U.S.C. 159(h)) is amended
 4 by inserting “; or (3) providers of Internet access or online
 5 service” after “(47 C.F.R. Part 97)”.

6 (b) *CONFORMING AMENDMENT.*—Section 9(h) of the
 7 Communications Act of 1934 (47 U.S.C. 159(h)) is amend-
 8 ed by striking “or” that appears before “(2)”.

9 (c) *DETERMINATION.*—Not later than 1 year after the
 10 date of the enactment of this Act, the National Tele-
 11 communications and Information Administration shall de-
 12 termine whether any direct or indirect Federal regulatory
 13 fees, other than the fees identified in subsection (a), are im-
 14 posed on providers of Internet access or online services, and
 15 if so, make recommendations to the Congress regarding
 16 whether such fees should be modified or eliminated.

17 **SEC. 4. REPORT ON FOREIGN COMMERCE.**

18 (a) *CONTENTS OF REPORT.*—In order to promote elec-
 19 tronic commerce, the Secretary of Commerce, in consulta-
 20 tion with appropriate committees of the Congress, shall un-
 21 dertake an examination of—

22 (1) barriers imposed in foreign markets on
 23 United States providers of property, goods, services,
 24 or information engaged in electronic commerce and
 25 on United States providers of telecommunications
 26 services;

1 (2) *how the imposition of such barriers will af-*
2 *fect United States consumers, the competitiveness of*
3 *United States citizens providing property, goods,*
4 *service, or information in foreign markets, and the*
5 *growth and maturing of the Internet; and*

6 (3) *what measures the Government should pursue*
7 *to foster, promote, and develop electronic commerce in*
8 *the United States and in foreign markets.*

9 (b) *PUBLIC COMMENT.*—*For purposes of this section,*
10 *the Secretary of Commerce shall give all interested persons*
11 *an opportunity to comment on the matters identified in*
12 *subsection (a) through written or oral presentations of data,*
13 *views, or arguments.*

14 (c) *TRANSMITTAL TO THE PRESIDENT.*—*Not later*
15 *than 18 months after the date of the enactment of this Act,*
16 *the Secretary of Commerce shall transmit to the President*
17 *a report containing the results of the examination under-*
18 *taken in accordance with subsection (a).*

19 (d) *RECOMMENDATIONS OF THE PRESIDENT.*—*Not*
20 *later than 2 years and 45 days after the date of the enact-*
21 *ment of this Act, the President shall review the report de-*
22 *scribed in subsection (c) and submit to the appropriate*
23 *committees of Congress such policy recommendations as the*
24 *President deems necessary or expedient.*

1 **SEC. 5. MORATORIUM ON CERTAIN TAXES.**

2 (a) *MORATORIUM.*—*For a period of 3 years following*
 3 *the date of the enactment of this Act, neither any State,*
 4 *nor any political subdivision thereof, shall impose, assess,*
 5 *collect, or attempt to collect—*

6 (1) *taxes on Internet access or online services;*

7 (2) *bit taxes; or*

8 (3) *multiple or discriminatory taxes on elec-*
 9 *tronic commerce.*

10 (b) *EXCEPTION TO MORATORIUM.*—

11 (1) *IN GENERAL.*—*The moratorium in subsection*
 12 *(a)(1) shall not apply to taxes on Internet access or*
 13 *online services generally imposed and actually en-*
 14 *forced under State law before March 1, 1998.*

15 (2) *ENFORCEABILITY.*—*Paragraph (1) shall be*
 16 *enforceable only if a State enacts a law to expressly*
 17 *impose such tax within one year from the date of en-*
 18 *actment. Failure of a State to act does not affect li-*
 19 *abilities for taxes accrued and enforced prior to*
 20 *March 1, 1998, nor does it affect ongoing litigation*
 21 *relating to any assessments.*

22 (c) *APPLICATION OF MORATORIUM.*—*Subsection (a)*
 23 *shall not apply with respect to the provision of Internet*
 24 *access or online services that are offered for sale as part*
 25 *of a package of services that includes services other than*
 26 *Internet access or online services, unless the service provider*

1 *separately states that portion of the billing that applies to*
 2 *such services on the user's bill.*

3 **SEC. 6. ADVISORY COMMISSION ON ELECTRONIC COM-**
 4 **MERCE.**

5 *(a) ESTABLISHMENT OF COMMISSION.—There is estab-*
 6 *lished a temporary commission to be known as the Advisory*
 7 *Commission on Electronic Commerce (in this Act referred*
 8 *to as the “Commission”). The Commission shall—*

9 *(1) be composed of 29 members, which includes*
 10 *2 chairpersons selected in accordance with subsection*
 11 *(b); and*

12 *(2) conduct its business in accordance with the*
 13 *provisions of this Act.*

14 *(b) MEMBERSHIP.—*

15 *(1) IN GENERAL.—The Commissioners shall serve*
 16 *for the life of the Commission. The membership of the*
 17 *Commission shall be as follows:*

18 *(A) Two representatives from the Federal*
 19 *Government comprised of the Secretary of Com-*
 20 *merce and the Secretary of the Treasury, or their*
 21 *respective representatives.*

22 *(B) Fourteen representatives from State,*
 23 *local, and county governments comprised of 2*
 24 *representatives each from the National Gov-*
 25 *ernors' Association, the National Conference of*

1 *State Legislatures, the Council of State Govern-*
 2 *ments, the National Association of Counties, the*
 3 *National League of Cities, and the United States*
 4 *Conferences of Mayors; and 1 representative each*
 5 *from the International City/County Managers*
 6 *Association and the American Legislative Ex-*
 7 *change Council.*

8 *(C) Thirteen representatives of taxpayers*
 9 *and business, of which 3 shall be appointed by*
 10 *the President and 2 each shall be appointed by*
 11 *the Senate majority leader, the Senate minority*
 12 *leader, the Speaker of the House, the House ma-*
 13 *jority leader, and the house minority leader.*

14 *(2) CHAIRPERSON.—The Commission shall have*
 15 *2 chairpersons to serve as co-chairpersons. One of the*
 16 *Chairpersons shall be a representative selected by the*
 17 *National Governors' Association from 1 of the groups*
 18 *identified in subsection (b)(1)(B). The other Chair-*
 19 *person shall be a representative selected jointly by the*
 20 *Speaker of the House of Representatives and the ma-*
 21 *jority leader of the Senate from 1 of the groups iden-*
 22 *tified in subsection (b)(1)(C).*

23 *(3) APPOINTMENTS.—Appointments to the Com-*
 24 *mission shall be made not later than 45 days after the*
 25 *date of enactment of this Act. The Chairpersons shall*

1 *be appointed not later than 60 days after the date of*
2 *the enactment of this Act.*

3 (c) *ACCEPTANCE OF GIFTS AND GRANTS.*—*The Com-*
4 *mission may accept, use, and dispose of gifts or grants of*
5 *services or property, both real and personal, for purposes*
6 *of aiding or facilitating the work of the Commission. Gifts*
7 *or grants not used at the expiration of the Commission shall*
8 *be returned to the donor or grantor.*

9 (d) *OTHER RESOURCES.*—*The Commission shall have*
10 *reasonable access to materials, resources, data, and other*
11 *information from the Department of Commerce and the De-*
12 *partment of the Treasury. The Commission shall also have*
13 *reasonable access to use the facilities of the Department of*
14 *Commerce and Department of the Treasury for purposes of*
15 *conducting meetings.*

16 (e) *SUNSET.*—*The existence of the Commission shall*
17 *terminate—*

18 (1) *when the last of the committees of jurisdic-*
19 *tion referred to in section 8 concludes consideration*
20 *of the legislation proposed under section 7; or*

21 (2) *3 years after the date of the enactment of this*
22 *Act;*
23 *whichever occurs first.*

24 (f) *RULES OF THE COMMISSION.*—

1 (1) *Fifteen members of the Commission shall*
2 *constitute a quorum for conducting the business of the*
3 *Commission.*

4 (2) *Any meetings held by the Commission shall*
5 *be duly noticed at least 14 days in advance and shall*
6 *be open to the public.*

7 (3) *The Commission may adopt other rules as*
8 *needed.*

9 (g) *DUTIES OF THE COMMISSION.—The Commission,*
10 *in consultation with the National Tax Association Commu-*
11 *nications and Electronic Commerce Tax Project, and other*
12 *interested parties, shall—*

13 (1) *identify the taxes, fees, and charges imposed*
14 *on electronic commerce within the United States that*
15 *could impede the development of such commerce;*

16 (2) *propose a uniform system of definitions of*
17 *electronic commerce that may be subject to sales and*
18 *use tax within each State;*

19 (3) *propose a simplified system for sales and use*
20 *tax for electronic commerce that would provide for a*
21 *single statewide sales or use tax rate (which rate may*
22 *be zero), and would establish a method of distributing*
23 *to political subdivisions within each State their pro-*
24 *portionate share of such taxes;*

1 (4) *examine ways to simplify the interstate ad-*
2 *ministration of sales and use tax on electronic com-*
3 *merce, including a review of the need for a single or*
4 *uniform tax registration, single or uniform tax re-*
5 *turns, simplified remittance requirements, and sim-*
6 *plified administrative procedures;*

7 (5) *examine the need for an independent third*
8 *party collection system that would utilize the Internet*
9 *to further simplify sales and use tax administration*
10 *and collection;*

11 (6) *examine the level of contacts sufficient to per-*
12 *mit a State to impose a sales or use tax on electronic*
13 *commerce that would subject a remote seller to collec-*
14 *tion obligations imposed by the State, including the*
15 *definition of a level of contacts below which a State*
16 *may not impose collection obligations on a remote*
17 *seller;*

18 (7) *examine the level of contacts sufficient to per-*
19 *mit a State to impose sales or use tax on transactions*
20 *not involving electronic commerce, and whether collec-*
21 *tion obligations imposed by a State are applied in a*
22 *nondiscriminatory manner with respect to electronic*
23 *commerce and such transactions;*

1 (8) *examine ways to simplify State and local*
 2 *taxes imposed on the provision of telecommunications*
 3 *services; and*

4 (9) *examine other issues that the Commission de-*
 5 *termines to be relevant.*

6 (h) *FEDERAL ADVISORY COMMITTEE ACT.—The Fed-*
 7 *eral Advisory Committee Act (5 U.S.C. App.) shall not*
 8 *apply with respect to the Commission.*

9 **SEC. 7. LEGISLATIVE RECOMMENDATIONS.**

10 (a) *TRANSMISSION OF PROPOSED LEGISLATION.—Not*
 11 *later than 2 years after the date of the enactment of this*
 12 *Act, the Commission described in section 6 shall transmit*
 13 *to the President and the Congress proposed legislation re-*
 14 *flecting any findings concerning the matters described in*
 15 *such section.*

16 (b) *CONTENTS OF PROPOSED LEGISLATION.—The pro-*
 17 *posed legislation submitted under subsection (a) by the*
 18 *Commission shall have been agreed to by at least 18 mem-*
 19 *bers of the Commission and shall—*

20 (1) *define with particularity the level of contacts*
 21 *between a State and remote seller that the Commis-*
 22 *sion considers should be sufficient to permit a State*
 23 *to impose collection obligations on the remote seller;*

24 (2) *provide that if, and only if, a State has*
 25 *adopted a single sales and use tax rate for electronic*

1 *commerce, and adopted simplified procedures for the*
2 *administration of its sales and use taxes, including*
3 *uniform registration, tax returns, remittance require-*
4 *ments, and filing procedures, then such State should*
5 *be authorized to impose on remote sellers a duty to*
6 *collect sales or use tax on electronic commerce;*

7 *(3) provide that, effective upon the expiration of*
8 *a 4-year period beginning on the date of the enact-*
9 *ment of such legislation, a State that does not have*
10 *in effect a single sales and use tax rate and simplified*
11 *administrative procedures shall be deemed to have in*
12 *effect a sales and use tax rate on electronic commerce*
13 *equal to zero, until such time as such State does*
14 *adopt a single sales and use tax rate and simplified*
15 *administrative procedures;*

16 *(4) include uniform definitions of categories of*
17 *property, goods, services, or information subject to, or*
18 *exempt from, sales and use taxes;*

19 *(5) make permanent the temporary moratorium*
20 *described in section 5 with respect to Internet access*
21 *and online services, as well as such other taxes (in-*
22 *cluding those described in section 5) that the Commis-*
23 *sion deems appropriate;*

1 (6) *provide a mechanism for the resolution of*
 2 *disputes between States regarding matters involving*
 3 *multiple taxation; and*

4 (7) *include other provisions that the Commission*
 5 *deems necessary.*

6 (c) *RECOMMENDATIONS OF THE PRESIDENT.—Not*
 7 *later than 45 days after the receipt of the Commission’s leg-*
 8 *islative proposals, the President shall review such proposals*
 9 *and submit to the appropriate committees of the Congress*
 10 *such policy recommendations as the President deems nec-*
 11 *essary or expedient.*

12 **SEC. 8. EXPEDITED CONSIDERATION OF LEGISLATIVE REC-**
 13 **COMMENDATIONS.**

14 (a) *Not later than 90 legislative days after the trans-*
 15 *mission to the Congress of the proposed legislation described*
 16 *in section 7, such legislation shall be considered by the re-*
 17 *spective committees of jurisdiction within the House of Rep-*
 18 *resentatives and the Senate, and, if reported, shall be re-*
 19 *ferred to the proper calendar on the floor of each House*
 20 *for final action.*

21 (b) *For purposes of this section, the 90-day period shall*
 22 *be computed by excluding—*

23 (1) *the days on which either House is not in ses-*
 24 *sion because of an adjournment of more than 3 days*

1 to a day certain or an adjournment of the Congress
2 sine die; and

3 (2) any Saturday and Sunday, not excluded
4 under paragraph (1), when either House is not in ses-
5 sion.

6 **SEC. 9. DECLARATION THAT THE INTERNET SHOULD BE**
7 **FREE OF FOREIGN TARIFFS, TRADE BAR-**
8 **RIERS, AND OTHER RESTRICTIONS.**

9 *It is the sense of the Congress that the President should*
10 *seek bilateral and multilateral agreements to remove bar-*
11 *riers to global electronic commerce, through the World*
12 *Trade Organization, the Organization for Economic Co-*
13 *operation and Development, the International Tele-*
14 *communications Union, the Asia Pacific Economic Co-*
15 *operation Council, the Free Trade Area of the Americas,*
16 *and other appropriate international fora. Such agreements*
17 *should require, inter alia, that the provision of Internet ac-*
18 *cess or online services be free from undue and discrimina-*
19 *tory regulation by foreign governments and that electronic*
20 *commercial transactions between United States and foreign*
21 *providers of property, goods, services, and information be*
22 *free from undue and discriminatory regulation, inter-*
23 *national tariffs, and discriminatory taxation.*

24 **SEC. 10. DEFINITIONS.**

25 *For the purposes of this Act:*

1 (1) *BIT TAX*.—The term “bit tax” means any tax
2 on electronic commerce expressly imposed on or meas-
3 ured by the volume of digital information transmitted
4 electronically, or the volume of digital information
5 per unit of time transmitted electronically, but does
6 not include taxes imposed on the provision of tele-
7 communications services.

8 (2) *COMPUTER SERVER*.—The term “computer
9 server” means a computer that functions as a central-
10 ized provider of information and services to multiple
11 recipients.

12 (3) *DISCRIMINATORY TAX*.—The term “discrimi-
13 natory tax” means—

14 (A) any tax imposed by a State or political
15 subdivision thereof on electronic commerce
16 that—

17 (i) is not generally imposed and legally
18 collectible by such State or such political
19 subdivision on transactions involving simi-
20 lar property, goods, services, or information
21 accomplished through other means;

22 (ii) is not generally imposed and le-
23 gally collectible at the same rate by such
24 State or such political subdivision on trans-
25 actions involving similar property, goods,

1 *services, or information accomplished*
2 *through other means;*

3 *(iii) imposes an obligation to collect or*
4 *pay the tax on a different person or entity*
5 *than in the case of transactions involving*
6 *similar property, goods, services, or infor-*
7 *mation accomplished through other means;*
8 *or*

9 *(iv) establishes a classification of Inter-*
10 *net access provider or online service pro-*
11 *vider for purposes of establishing a higher*
12 *tax rate to be imposed on such providers*
13 *than the tax rate generally applied to pro-*
14 *viders of similar information services deliv-*
15 *ered through other means; or*

16 *(B) any tax imposed by a State or political*
17 *subdivision thereof, if—*

18 *(i) the use of a computer server by a*
19 *remote seller to create or maintain a site on*
20 *the Internet is considered a factor in deter-*
21 *mining a remote seller's tax collection obli-*
22 *gation; or*

23 *(ii) a provider of Internet access or on-*
24 *line services is deemed to be the agent of a*

1 *remote seller for determining tax collection*
2 *obligations as a result of—*

3 *(I) the provider displaying a re-*
4 *mote seller’s information or content on*
5 *such provider’s computer server; or*

6 *(II) the provider maintaining or*
7 *taking orders through such provider’s*
8 *computer server.*

9 (4) *ELECTRONIC COMMERCE.—The term “elec-*
10 *tronic commerce” means any transaction conducted*
11 *over the Internet or an online service, comprising the*
12 *sale, lease, license, offer, or delivery of property,*
13 *goods, services, or information, whether or not for*
14 *consideration, and includes the provision of Internet*
15 *access and online services.*

16 (5) *INFORMATION SERVICES.—The term “infor-*
17 *mation services” has the meaning given such term in*
18 *section 3(20) of the Communications Act of 1934 (47*
19 *U.S.C. 3(20)).*

20 (6) *INTERNET.—The term “Internet” means the*
21 *combination of computer facilities and electro-*
22 *magnetic transmission media, and related equipment*
23 *and software, comprising the interconnected world-*
24 *wide network of computer networks that employ the*
25 *Transmission Control Protocol/Internet Protocol, or*

1 *any predecessor or successor protocol, to transmit in-*
2 *formation.*

3 (7) *INTERNET ACCESS.*—*The term “Internet ac-*
4 *cess” means a service that enable users to access con-*
5 *tent, information, and other services offered over the*
6 *Internet, but does not mean a telecommunications*
7 *service.*

8 (8) *MULTIPLE TAX.*—*The term “multiple tax”*
9 *means—*

10 (A) *any tax that is imposed by one State or*
11 *political subdivision thereof on the same or es-*
12 *entially the same electronic commerce that is*
13 *also taxed by any other State or political sub-*
14 *division thereof (or the same State, except in the*
15 *case of sales taxes) whether or not at the same*
16 *rate or on the same basis without an offsetting*
17 *credit for taxes paid in other jurisdictions or*
18 *other similar mechanisms for avoiding double*
19 *taxation of the same transaction; or*

20 (B) *any tax on Internet access or online*
21 *services if the State or political subdivision*
22 *thereof classifies such services as telecommuni-*
23 *cations or communications services under State*
24 *law and such State or political subdivision*
25 *thereof has already imposed a tax on the under-*

1 *lying telecommunications services that are used*
2 *to provide such services without allowing a cred-*
3 *it for other taxes paid, a sale for resale exemp-*
4 *tion, or other mechanism for eliminating dupli-*
5 *cate taxation.*

6 (9) *ONLINE SERVICE.*—*The term “online service”*
7 *means the offering or provision of information serv-*
8 *ices combined with Internet access to a user.*

9 (10) *REMOTE SELLER.*—*The term “remote sell-*
10 *er” means a person who sells, leases, licenses, offers,*
11 *or delivers property, goods, services, or information*
12 *from one State to a purchaser in another State using*
13 *the Internet.*

14 (11) *STATE.*—*The term “State” means any of*
15 *the several States, the District of Columbia, or any*
16 *territory or possession of the United States.*

17 (12) *TAX.*—*The term “tax” means—*

18 (A) *any levy, fee, or charge imposed under*
19 *governmental authority by any governmental en-*
20 *tity; or*

21 (B) *the imposition of or obligation to collect*
22 *and to remit to a governmental entity any such*
23 *levy, fee, or charge imposed by a governmental*
24 *entity.*

1 *Such term does not include any franchise fees or*
2 *similar fees imposed by a State or local franchising*
3 *authority, pursuant to section 622 or 653 of the Com-*
4 *munications Act of 1934 (47 U.S.C. 542, 573).*

5 (13) *TELECOMMUNICATIONS SERVICES.—The*
6 *term “telecommunications services” has the meaning*
7 *given such term in section 3(46) of the Communica-*
8 *tions Act of 1934 (47 U.S.C. 3(46)).*

9 **SEC. 11. NO EXPANSION OF TAX AUTHORITY.**

10 *Nothing in this Act shall be construed to expand the*
11 *power of any State or political subdivision thereof to collect*
12 *taxes on Internet access, online services, bits, or electronic*
13 *commerce beyond the power that existed on March 1, 1998.*

14 **SEC. 12. PRESERVATION OF AUTHORITY.**

15 *Nothing in this Act shall limit or otherwise affect the*
16 *implementation of the Telecommunications Act of 1996*
17 *(Public Law 104–104) or the amendments made by such*
18 *Act.*