

have to force a cloture vote on simply proceeding to the bill. There are a handful of people who vehemently oppose any legislation that protects the Internet from taxation. I think that is why this has taken so long to move forward.

Some people do not support the underlying legislation, and it is certainly true that it would protect the Internet from taxation. But what it would not do is create special considerations for the Internet or broadband access. The legislation specifically says we will preempt, or prohibit, any discriminatory taxes, taxes that are specifically addressed to Internet service providers or broadband providers, but those businesses are still subject to State property taxes, sales taxes, capital gains taxes, and all of the other taxes that are levied broadly and uniformly within a State.

Second, the suggestion was made that we are writing State law here, and that is simply wrong. This is an item and an interest and issue of interstate commerce. Just as the Federal Government exercises its prerogative to clarify legislation with regard to other interstate commerce activities, such as shipping, trucking, railroads, or aviation, the national and global Internet broadband communication system that has been established by entrepreneurs over the past 15 years ought to, at some level, be protected from multiple and discriminatory regulations and taxation because of its importance to interstate commerce.

We are writing Federal law here, not State law. I think it is a little bit disingenuous to suggest we are writing State law and to raise concerns about us writing State law, when in fact, when this bill is dispensed with—and I hope passed and signed into law—the very opponents of this bill who said they are worried about us writing State law will come right back to the floor of this Senate and support legislation to authorize States to collect taxes from businesses that do not reside or have facilities or domiciles in those States.

Many opponents of this bill also want the Federal Government to authorize the collection of taxation from businesses outside of their States, which is not only an intervention in States' rights or State laws, but it is effectively an authorization of taxation without representation because the residents of those States will then have to remit taxes to other States in which they do not have a voice.

We will have that debate and discussion. Some will support that process; some will oppose that process. But the very opponents of this bill who raise the concern about writing State law will come back and ask for that very power to be authorized and approved by the Congress because only Congress can give States that power.

I think there is a little bit of a mixed message here looking for an argument that might seem to be useful in stop-

ping or thwarting this bill, but it is an unfair argument and an improper argument.

Some people think that cities, counties, and States should have the right and the ability to tax the Internet. They want those cities and States to tax the Internet. I do not think that is right for consumers, it is not right for America, it is not right for investment, and it is not right for broadband access or deployment. If they want to take the floor and say, We don't support Internet taxes, we are looking out for the interest of these cities and States, I say think again because the whole reason they are raising the issue of the unfunded mandate and supporting a point of order against this bill because of the so-called unfunded mandate is precisely because of those States that are collecting the tax today.

If you support striking this bill on the unfunded mandate, then you are effectively standing up for those States, cities, towns, and counties that are taxing the Internet today. That should not be allowed to continue. It is not good for our economy, and it is certainly not the right incentive to create if we want to ensure broadband reaches throughout the country.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SUNUNU. Mr. President, I ask unanimous consent that when the Senate resumes debate on the motion to proceed at 2:15 p.m., the debate time be allocated as follows: 20 minutes to Senator ALEXANDER, 20 minutes to Senator DORGAN, 20 minutes to Senator MCCAIN. I further ask unanimous consent that the Senate now recess until 2:15 p.m., subject to the previous order.

Mr. REID. Mr. President, reserving the right to object, what this does for Members and staff, so they fully understand, is this adds 20 minutes to the debate. That is all it does. I ask my friend modify his unanimous consent request to allow me to speak as in morning business, and following my remarks, we will go into our normal Tuesday recess.

Mr. SUNUNU. Mr. President, I have no objection to that request.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Nevada.

MILITARY RECORD OF SENATOR JOHN KERRY

Mr. REID. Mr. President, I had the good fortune a week ago this past Saturday to be in Las Vegas. At that time, I spoke about the military record of Senator JOHN KERRY. In fact, I not only spoke about the military record of JOHN KERRY, but I read verbatim from the two citations for heroism he received.

The first citation for heroism he received was presented to him by Admiral Zumwalt. In that citation, it talked about what Senator KERRY did to earn the Silver Star. In effect, what he did is as follows:

Senator KERRY was the commander of a swift boat. A swift boat was a boat that would move very quickly, and they used it in the rivers of Southeast Asia. They were subject to ambushes and attacks, especially before there was something done to make sure the shoreline was free of foliage. They were attacked often.

In this instance, a rocket hit his swift boat, blew all the windows out of it, and, of course, injured people on board the boat. Senator KERRY at that time directed the swift boat to, rather than go away from the battle, go into the battle and go to shore. As soon as he got close enough to the shore to get off the boat, he got off the boat, and before the enemy had time to fire the second rocket, they were killed by Senator JOHN KERRY. This is the reason he was given his first Silver Star.

The Bronze Star was awarded when again his boat was hit from shore. One crewman was blown off the craft in the water. They were taking fire at this time. Senator KERRY, even though he was injured—his right arm was bleeding badly—directed fire toward the enemy, got the swift boat close enough to the man in the water, and he personally pulled the man out of the water.

These are, in synopsis, the two acts of heroism for which Senator KERRY was decorated. He was decorated with the Silver Star and the Bronze Star. He was, of course, also given three Purple Hearts. Purple Hearts are given when someone is injured in battle.

There is no question that what JOHN KERRY did in Southeast Asia, specifically in Vietnam, was heroic. That is why he was given these medals. I think it is outrageous for people to criticize his military service to our country.

It is obvious this administration knows America loves a war hero, and JOHN KERRY is a war hero. So what does the administration do? They do everything they can to denigrate this fine man rather than talk about policy in Iraq, tax policy, environmental policy, economic policy, and health care policy. I think it is wrong that they are doing this, and I think they should get back to talking about the issues that are important.

America knows JOHN KERRY is a war hero. No matter how many times the Vice President speaks at universities criticizing JOHN KERRY's military record, you cannot take away the facts. He was presented by the military authorities of our country two medals for heroism. They speak for themselves.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, the Senate, at 12:37 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. VOINOVICH).

INTERNET TAX NONDISCRIMINATION ACT—MOTION TO PROCEED—Continued

The PRESIDING OFFICER. In my capacity as the Senator from the State of Ohio, I suggest the absence of a quorum.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. REID. 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. REID. Mr. President, there is a quorum call in effect at this stage. How is the time being charged?

The PRESIDING OFFICER. The time is not being charged.

Mr. REID. I ask unanimous consent that the time be charged equally against the three who will control time.

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

Mr. REID. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MCCAIN. 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. MCCAIN. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 18½ minutes.

Mr. MCCAIN. Mr. President, I yield myself 4 minutes.

Mr. President, I have here in my hand a document prepared by the National Governors Association that expresses support for extending the Federal ban on State and local taxation of Internet access, so long as the moratorium respects three principles. One: Do no harm to State and local revenues. Two: Be clear about what services are covered by the moratorium to ensure that voice services and other services that use the Internet are excluded from the scope of the moratorium. Three: Stay flexible by extending the moratorium temporarily. These are the same principles that Senator ALEXANDER and others have stated they want to respect.

I agree with these principles, which is why I will offer today a compromise amendment to S. 150, the Internet Tax Non-discrimination Act.

The amendment would ensure that a significant portion—in fact, an overwhelming portion—of State and local telecommunications services tax revenues would remain protected. This means that almost \$20 billion of revenue would not be impacted by the proposal that I support. I would contrast this with the \$18 billion that the NGA claims the version of S. 150 that passed in the House last year would cost State and local governments, and the almost \$12 billion that the association claims

S. 150 would take away from States and localities.

I respectfully submit that the relatively small impact that the compromise amendment would have on States and local revenues would stem primarily from our wish to treat all States equally under this moratorium. Still, to accommodate the States that were taxing the Internet in 1998 when the moratorium was first enacted, the amendment would propose to give those States 3 more years of Internet access tax revenues. The compromise amendment would even permit those States that were not originally grandfathered but that nevertheless have begun taxing Internet access 2 years of additional revenue.

The NGA has also asked for clarity in the definition of Internet access. I agree that there should be clarity in this matter. To that end, the compromise amendment provides as plainly as possible that it would not prohibit States and localities from taxing traditional telephone services, voice services that use the Internet, and other services that use the Internet. The amendment also makes clear that e-mail could not be taxed by the compromise amendment. Once again, I have respected another core principle of the NGA in the matter.

And finally, the NGA seeks a temporary, rather than a permanent extension of the moratorium under the premise that, as the association and Senator ALEXANDER say “A temporary solution is better than permanent confusion.” The compromise amendment would extend the moratorium for a period of 4 years from November 1, 2003. Simply put, anything shorter would put us back on this floor debating this measure right after it is signed by the President.

So I remind my colleagues: What I will offer today does very clearly address the concerns raised by the NGA and other State and local groups. I hope, therefore, that my colleagues will support me in passing this reasonable compromise.

I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, I thank the Senator from Arizona for his courtesy, his hard work, and his meetings on a complex issue, about which there are differences of opinion. People might wonder why are we having a hard time agreeing. One of the reasons is we have a difference of opinion, which I will talk about in a minute. A second is that sometimes even when we agree, when we sit down and try to write down what we agree on, we then disagree.

I am not sure if that is because we don't agree, or because our staffs have missed the boat, or because we Senators are not as wise as we should be. But let me be responsive to Senator MCCAIN, because he has come to the table with a specific proposal. I appreciate that. We got that yesterday after-

noon and we read it carefully last night, and I sent him a letter which he got just a little while ago. I tried to say to him my thanks for it. I identified four areas which are the principles he just talked about that I see as concerns and four ways to fix the problems.

He then asked me if I would be willing to offer an amendment to fix the problems, and I am preparing such an amendment to do that. But maybe we can speed that up. Let me go through the points he made and say where I have concern.

The first problem with the most recent McCain proposal is the definition. The definition is basically the same definition as in the last proposal, which is the Allen-Wyden bill. It does not simply extend the moratorium on State and local taxes on Internet access; it broadens the definition to include business taxes State and local governments collect, and those business taxes amount to a half billion dollars a year. That is the first problem.

How would we fix it? We would fix it by adopting the narrower definition of the Alexander-Carper amendment which was introduced 6 months ago with 11 bipartisan sponsors, or we could go to the original definition that was in the 1998 moratorium.

Let's remember what we are talking about here. Everybody is saying we have had a moratorium since 1998 that says, let's not allow State and local governments to tax Internet access. Certainly access is a very little thing. It was just the connection between you and AOL at the time it was passed. Now it is the connection between you and a variety of people—maybe the connection between you and your telephone company providing high-speed Internet access, your cable company providing high-speed Internet access, or it may be between you and DIRECTV providing high-speed Internet access, or in Manassas, VA, they provide it to you by the electric company. So it is just you and your provider.

The problem with this definition—it is the same problem with the definition of the distinguished Senator from Virginia—is that it broadens that, not to include just the end user and the provider, but the business taxes, the whole process. It would be as if we were to say, OK, we want to pass a Federal law saying in Virginia and Arizona and Tennessee you can't tax hybrid cars. You can't collect State taxes on hybrid cars because that will help clean the air. We will pass a Federal law: No State tax. But not just the sales tax on the hybrid car, also on the sales taxes that might apply to the supplier tier 1, supplier tier 2, supplier tier 3, and all the way back to the supplier of steel for the raw material.

That is the first problem. It is the same old definition, and that is the biggest problem. The fix would be just, if all we are doing is extending the 1998