

Ms. WATSON. Madam Speaker, last week President Bush requested an additional \$42 billion from Congress for the wars in Iraq and Afghanistan, bringing his total funding request for the upcoming year to \$190 billion.

Also last week, the Congressional Budget Office released a report concluding that the wars in Iraq and Afghanistan will cost \$2.4 trillion over the next decade. That's nearly \$8,000 for every American.

Just imagine if we rejected the President's plan to continue the war in Iraq for another decade and worked instead to responsibly redeploy our troops out of Iraq within the next year. Rather than spending \$2.4 trillion over in Iraq, we could instead invest it here with our own people. This would be more than enough to provide every college freshman in our Nation with a free 4-year education at a private college or university. We could also use that money to provide health care coverage to every American for a year or could pay off 26 percent of our national debt.

#### UAW/CHRYSLER DEAL

(Mrs. MILLER of Michigan asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. MILLER of Michigan. Madam Speaker, I rise today to applaud this weekend's ratification of the contract between the United Auto Workers and Chrysler. The new contract creates a stronger domestic auto industry and modernizes the relationship between the Big Three and labor.

The ratification by the rank and file signals a new day for the domestic auto industry that has been struggling for market share with its foreign competitors. And sincere congratulations to President Ron Gettelfinger of the UAW and his entire team on a job well done.

The industry still faces many challenges, but this new pact between the UAW and Chrysler and an earlier deal with GM means that both sides have come together to move the industry forward.

The good-faith negotiations proved that all of the stakeholders put the future of the domestic auto industry first as they worked towards manufacturing competitiveness.

This agreement secures jobs and allows the parties to move forward and to continue to create quality products and compete in the global marketplace. Again, congratulations. Well done.

#### HOMELESSNESS AND POVERTY

(Ms. SOLIS asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. SOLIS. Madam Speaker, today I rise to discuss poverty and homelessness in the San Gabriel Valley in the 32nd Congressional District. At least 48 percent of adults living below the Fed-

eral poverty line in L.A. County have worked either full-time or part-time. They have to balance rent or mortgage payments, child care, food, gas prices, and health care. The increasing costs can lead to homelessness if you can't make these payments.

In Los Angeles County, over 152,000 people are homeless over the course of a year; and in the city of Azusa, at least 1,500 children were homeless last year.

I am proud that Democrats have taken steps to reduce poverty and homelessness. In 2007, our farm bill raised the minimum benefit in the food stamp program for the first time in 30 years. For the first time in more than 10 years, we have raised the minimum wage and expanded American homeownership, and also would help to provide and ensure that low-income and middle-income families have affordable mortgage loans.

#### ANNIVERSARY OF NOVEMBER ELECTIONS

(Mr. PALLONE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PALLONE. Madam Speaker, we are fast approaching the 1-year anniversary of the November elections when the American people went to the polls demanding to take our Nation in a new direction.

Over the last 10 months, the new Democratic Congress has produced real results that are now making a real difference in millions of Americans' lives. For 10 years, Republican Congresses have refused to increase the minimum wage for nearly 6 million hardworking Americans. Democrats thought that was unacceptable, and one of our first actions was to ensure that these workers finally got a much-deserved and long overdue pay raise.

Democrats also realize it is difficult for middle-class parents to send their children to college. Over the last 6 years as wages have stagnated, college costs have increased 40 percent above inflation. This Democratic Congress passed and the President signed into law legislation that provides the single largest increase in college aid since the GI Bill, and this new law will allow more Americans to live the American Dream.

Madam Speaker, congressional Democrats are proud of these accomplishments, but they are only the beginning as we continue to move America in a new direction.

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Record votes on postponed questions will be taken later today.

#### INTERNET TAX FREEDOM ACT AMENDMENTS ACT OF 2007

Ms. LINDA T. SÁNCHEZ of California. Madam Speaker, I move to suspend the rules and concur in the Senate amendment to the bill (H.R. 3678) to amend the Internet Tax Freedom Act to extend the moratorium on certain taxes related to the Internet and to electronic commerce.

The Clerk read the title of the bill.

The text of the Senate amendment is as follows:

Strike out all after the enacting clause and insert:

##### SECTION 1. SHORT TITLE.

*This Act may be cited as the "Internet Tax Freedom Act Amendments Act of 2007".*

##### SEC. 2. MORATORIUM.

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

*(1) in section 1101(a) by striking "2007" and inserting "2014", and*

*(2) in section 1104(a)(2)(A) by striking "2007" and inserting "2014".*

##### SEC. 3. GRANDFATHERING OF STATES THAT TAX INTERNET ACCESS.

*Section 1104 of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by adding at the end the following:*

*"(c) APPLICATION OF DEFINITION.—*

*"(1) IN GENERAL.—Effective as of November 1, 2003—*

*"(A) for purposes of subsection (a), the term 'Internet access' shall have the meaning given such term by section 1104(5) of this Act, as enacted on October 21, 1998; and*

*"(B) for purposes of subsection (b), the term 'Internet access' shall have the meaning given such term by section 1104(5) of this Act as enacted on October 21, 1998, and amended by section 2(c) of the Internet Tax Nondiscrimination Act (Public Law 108-435).*

*"(2) EXCEPTIONS.—Paragraph (1) shall not apply until June 30, 2008, to a tax on Internet access that is—*

*"(A) generally imposed and actually enforced on telecommunications service purchased, used, or sold by a provider of Internet access, but only if the appropriate administrative agency of a State or political subdivision thereof issued a public ruling prior to July 1, 2007, that applied such tax to such service in a manner that is inconsistent with paragraph (1); or*

*"(B) the subject of litigation instituted in a judicial court of competent jurisdiction prior to July 1, 2007, in which a State or political subdivision is seeking to enforce, in a manner that is inconsistent with paragraph (1), such tax on telecommunications service purchased, used, or sold by a provider of Internet access.*

*"(3) NO INFERENCE.—No inference of legislative construction shall be drawn from this subsection on the amendments to section 1105(5) made by the Internet Tax Freedom Act Amendments Act of 2007 for any period prior to June 30, 2008, with respect to any tax subject to the exceptions described in subparagraphs (A) and (B) of paragraph (2)."*

##### SEC. 4. DEFINITIONS.

*Section 1105 of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended—*

*(1) in paragraph (1) by striking "services",*

*(2) by amending paragraph (5) to read as follows:*

*"(5) INTERNET ACCESS.—The term 'Internet access'—*

*"(A) means a service that enables users to connect to the Internet to access content, information, or other services offered over the Internet;*

“(B) includes the purchase, use or sale of telecommunications by a provider of a service described in subparagraph (A) to the extent such telecommunications are purchased, used or sold—

“(i) to provide such service; or

“(ii) to otherwise enable users to access content, information or other services offered over the Internet;

“(C) includes services that are incidental to the provision of the service described in subparagraph (A) when furnished to users as part of such service, such as a home page, electronic mail and instant messaging (including voice- and video-capable electronic mail and instant messaging), video clips, and personal electronic storage capacity;

“(D) does not include voice, audio or video programming, or other products and services (except services described in subparagraph (A), (B), (C), or (E)) that utilize Internet protocol or any successor protocol and for which there is a charge, regardless of whether such charge is separately stated or aggregated with the charge for services described in subparagraph (A), (B), (C), or (E); and

“(E) includes a homepage, electronic mail and instant messaging (including voice- and video-capable electronic mail and instant messaging), video clips, and personal electronic storage capacity, that are provided independently or not packaged with Internet access.”;

(3) by amending paragraph (9) to read as follows:

“(9) TELECOMMUNICATIONS.—The term ‘telecommunications’ means ‘telecommunications’ as such term is defined in section 3(43) of the Communications Act of 1934 (47 U.S.C. 153(43)) and ‘telecommunications service’ as such term is defined in section 3(46) of such Act (47 U.S.C. 153(46)), and includes communications services (as defined in section 4251 of the Internal Revenue Code of 1986 (26 U.S.C. 4251)).”;

(4) in paragraph (10) by adding at the end the following:

“(C) SPECIFIC EXCEPTION.—

“(i) SPECIFIED TAXES.—Effective November 1, 2007, the term ‘tax on Internet access’ also does not include a State tax expressly levied on commercial activity, modified gross receipts, taxable margin, or gross income of the business, by a State law specifically using one of the foregoing terms, that—

“(I) was enacted after June 20, 2005, and before November 1, 2007 (or, in the case of a State business and occupation tax, was enacted after January 1, 1932, and before January 1, 1936);

“(II) replaced, in whole or in part, a modified value-added tax or a tax levied upon or measured by net income, capital stock, or net worth (or, is a State business and occupation tax that was enacted after January 1, 1932 and before January 1, 1936);

“(III) is imposed on a broad range of business activity; and

“(IV) is not discriminatory in its application to providers of communication services, Internet access, or telecommunications.

“(ii) MODIFICATIONS.—Nothing in this subparagraph shall be construed as a limitation on a State’s ability to make modifications to a tax covered by clause (i) of this subparagraph after November 1, 2007, as long as the modifications do not substantially narrow the range of business activities on which the tax is imposed or otherwise disqualify the tax under clause (i).

“(iii) NO INFERENCE.—No inference of legislative construction shall be drawn from this subparagraph regarding the application of subparagraph (A) or (B) to any tax described in clause (i) for periods prior to November 1, 2007.”.

#### SEC. 5. CONFORMING AMENDMENTS.

(a) ACCOUNTING RULE.—Section 1106 of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended—

(1) by striking “telecommunications services” each place it appears and inserting “telecommunications”, and

(2) in subsection (b)(2)—

(A) in the heading by striking “SERVICES”, (B) by striking “such services” and inserting “such telecommunications”, and

(C) by inserting before the period at the end the following: “or to otherwise enable users to access content, information or other services offered over the Internet”.

(b) VOICE SERVICES.—The Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by striking section 1108.

#### SEC. 6. SUNSET OF GRANDFATHER PROVISIONS.

Section 1104(a) of the Internet Tax Freedom Act is amended by adding at the end thereof the following:

“(3) EXCEPTION.—Paragraphs (1) and (2) shall not apply to any State that has, more than 24 months prior to the date of enactment of this paragraph, enacted legislation to repeal the State’s taxes on Internet access or issued a rule or other proclamation made by the appropriate agency of the State that such State agency has decided to no longer apply such tax to Internet access.”.

#### SEC. 7. EFFECTIVE DATE.

This Act, and the amendments made by this Act, shall take effect on November 1, 2007, and shall apply with respect to taxes in effect as of such date or thereafter enacted, except as provided in section 1104 of the Internet Tax Freedom Act (47 U.S.C. 151 note).

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from California (Ms. LINDA T. SÁNCHEZ) and the gentleman from Texas (Mr. SMITH) each will control 20 minutes.

The Chair recognizes the gentlewoman from California.

#### GENERAL LEAVE

Ms. LINDA T. SÁNCHEZ of California. Madam Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and include extraneous material on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from California?

There was no objection.

Ms. LINDA T. SÁNCHEZ of California. Madam Speaker, I yield myself such time as I may consume.

I rise in strong support of H.R. 3678, the Internet Tax Freedom Act Amendments Act, as amended. H.R. 3678, legislation designed to extend the Internet tax moratorium and grandfather protections, clarify the treatment of gross receipts taxes, and revise the definition of Internet access is bipartisan legislation at its best. It has widespread support by industry groups including the Don’t Tax Our Web Coalition, as well as by various government organizations such as the National Governors Association, the Federation of Tax Administrators, the National Conference of Mayors, and the National Conference of State Legislatures. It is supported by a wide range of labor and union groups, including the American Federation of State, County and Municipal Employees.

And with that broad support, the House passed H.R. 3678 by a vote of 405-2. H.R. 3678, as amended by the Senate, contains four distinct changes.

First, the Senate version extends the moratorium on State and local taxes on Internet access and continues

grandfather protections for 7 years until November 1, 2014. The 7-year time frame will allow Congress to revisit the moratorium and consider developments in the States or in technology. It will provide businesses sufficient time to plan and ensure that consumers benefit from tax-free access to the Internet.

Second, the Senate version extends from November 1, 2007 to June 30, 2008 the time for certain States to adjust for a phaseout of the grandfather protection. This alteration will benefit State governments who would have scrambled to readjust their budgets with a loss of revenue beginning November 1.

Third, the Senate version expands the definition of Internet access to prohibit taxation of certain services which are fee-based, not packaged with Internet access, and are offered from sources other than providers of Internet access.

Finally, the Senate version prohibits a State from reimposing Internet access taxes if the State had eliminated the taxes more than 2 years ago.

For nearly 10 years, we have had the luxury of tax-free Internet access, as we have acted under a moratorium passed by Congress, but the moratorium expires in less than 2 days.

□ 1030

With the impending end of the moratorium in sight, this Chamber agreed nearly unanimously to pass H.R. 3678, the Internet Tax Freedom Act Amendments Act. This legislation is an example of how a bipartisan approach to a complex issue can serve the public good.

While the Senate made some changes to H.R. 3678, this is a version I’m very proud to support. It retains the essence of H.R. 3678, including refining the definition of Internet access and, most importantly, providing a temporary extension of the moratorium. This legislation minimizes the effect on State and local government revenue, treats businesses fairly, and keeps Internet access affordable to consumers.

I remind my colleagues on both sides of the aisle that the current Internet tax moratorium expires in about 36 hours. Madam Speaker, I encourage all my colleagues to join me in supporting H.R. 3678, the amended Internet Tax Freedom Act Amendments Act, so that tax-free access to the Internet can continue.

Madam Speaker, I reserve the balance of my time.

Mr. SMITH of Texas. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I’m pleased that we are considering a bill to extend the Internet tax moratorium another 7 years. With only 2 days left until the moratorium expires, it’s high time that Congress passes this important legislation and gets it to the President’s desk for his signature.

Two weeks ago, the House approved H.R. 3678, a bill to extend the Internet tax moratorium for 4 years. I supported

this legislation because it accomplished several positive things. For example, it clarified the definition of Internet access to ensure that States do not tax Internet access, including the acquisition of transmission capabilities.

However, I was disappointed that it did not permanently ban taxes on Internet access and e-commerce and that the House Democratic leadership refused to allow a vote on permanency, even though over 240 Members are co-sponsors of a permanent extension.

Today, by passing H.R. 3678 with the Senate amendments, we are taking a step in the right direction. This legislation extends the moratorium for 7 years, almost doubling what the House approved only 2 weeks ago.

The Senate amendments to H.R. 3678 also made several other important changes to the law. The Senate extended the coverage of the moratorium to all e-mail, regardless of whether it was bundled with Internet access. With respect to the original grandfathered States, the Senate added a new "use it or lose it" provision that says that if one of those States repeals or otherwise does not enforce its tax on Internet access, it loses its grandfather protections.

I think these are good changes to the original House-passed bill, and I am happy to support them.

By extending the ban on Internet access taxes for a longer period of time, we give businesses the certainty they need to spend billions of dollars to construct, maintain and update the broadband Internet infrastructure throughout the country.

This legislation will help keep the cost of Internet access down so that all individuals can continue to use the great informational tool that is the Internet.

While I'm disappointed that we're not making the ban permanent, which has wide support in the House, we are certainly moving in the right direction by passing H.R. 3678 today.

Hundreds of companies and groups, including AOL, Apple, Americans for Tax Reform, AT&T, Comcast, eBay, Electronic Industries Alliance, Level 3 Communications, the National Association of Manufacturers, National Cable and Telecommunications Association, National Taxpayers Union, Sprint/Nextel, Time Warner Communications, T-Mobile, U.S. Chamber of Commerce, U.S. Telecom Association, U.S. Internet Industry Association, Verizon, Yahoo, the Business Software Alliance, and the Hispanic Technology and Telecommunications Partnership, among many, many others, have, in fact, called for a permanent ban on Internet access taxes.

While H.R. 3678 doesn't get us all the way to the goal line, it is a step forward that will benefit the economy and the consumer.

Madam Speaker, if we are going to have a healthy economy in America, if we are going to continue to create jobs,

if we're going to continue to enjoy a high standard of living, if we are going to continue to increase productivity, we have to do everything we can to encourage and help the high-tech industry.

To that end, I support H.R. 3678, but I still would like to see Congress pass a permanent moratorium.

Madam Speaker, I reserve the balance of my time.

Ms. LINDA T. SÁNCHEZ of California. Madam Speaker, I yield 3½ minutes to the gentlelady from California, a colleague of mine who's very knowledgeable on Internet tax issues, Ms. ANNA ESHOO.

Ms. ESHOO. I thank the gentlewoman for yielding.

Madam Speaker, I rise today in support of the amended legislation that's before us. Two weeks ago when the House brought legislation to the floor on Internet taxation, I was only one of two that opposed it. Now, I opposed it not because I opposed extending the moratorium. Quite to the contrary.

I offered legislation with Mr. GOODLATTE that would have made Internet taxation, a ban on it, permanent. We introduced legislation that enjoyed over 240 bipartisan cosponsors. That legislation was not considered by the Judiciary Committee or the House.

The bill also contained a loophole that could have opened up the possibility of new taxes on the Internet services such as e-mail and music downloading. I knew we could do better and today we are.

The Senate-amended legislation will establish the longest term for the Internet tax moratorium since it was first created in 1998. The Congress acted on that again in 2001 and 2004, and today's moratorium is the longest that will be adopted. So I think it's cause for celebration.

The legislation will guarantee that new barriers created by taxation of Internet access and e-commerce will not emerge when the current moratorium ends, which is just, as the chairwoman said, 36 hours away. So we're coming in right under the wire.

I think that this is very important policy for our country. Very importantly, this is going to continue to spur innovation, and it will advance our goal of broadband for everyone in the United States.

I'm very, very pleased at the Senate action, under the leadership of really the father of this effort, Senator RON WYDEN, new father of twins, a son and a daughter, many congratulations to him. I urge all of my colleagues. This should be a 100 percent vote in the House for a 7-year moratorium, and I thank the leadership for bringing it to the floor and the chairwoman for her leadership on this as well.

Mr. SMITH of Texas. Madam Speaker, I yield 5 minutes to the gentleman from Virginia (Mr. GOODLATTE), a senior member of the Judiciary Committee and the principal Republican sponsor of the permanent ban on Internet taxes.

(Mr. GOODLATTE asked and was given permission to revise and extend his remarks.)

Mr. GOODLATTE. I thank the gentleman from Texas for his leadership on this issue, as well as that of the two gentlewomen from California, Congresswoman ESHOO and Congresswoman LOFGREN, who have been advocates of a permanent extension of this legislation.

Madam Speaker, I am pleased that the House leadership has now seen fit to schedule a vote on a bill to extend the Internet tax moratorium for longer than the mere 4-year extension contained in the House-passed bill.

However, I'm still extremely disappointed that the majority did not allow any amendments to H.R. 3678 when it was considered by the full House. The handling of that bill 2 weeks ago by the House leadership is unfortunately reflective of the stranglehold that leadership has placed on the will of the majority in this Congress.

I had introduced legislation, along with Representative ESHOO, to make the ban on Internet access taxes permanent, and that legislation had garnered nearly 240 bipartisan cosponsors before the House was forced to vote on the 4-year extension. These cosponsors represent a strong bipartisan majority of the Members of this body. However, with absolutely no explanation, the majority party cut off all opportunity for amendments to that legislation on the House floor, where I have no doubt an amendment to make the ban on access taxes on the Internet permanent would have passed with a very strong majority.

During committee consideration, the House Judiciary Committee even resorted to obscure procedural tactics to reverse a vote for an amendment in committee to extend the moratorium from 4 years to 8 years. Because all but one Democrat, Congresswoman LOFGREN, on the committee voted against an amendment I offered there to extend the moratorium for 6 years, I assume that to be consistent they will vote against the 7-year extension before us today, but we shall see.

With regard to the merits of a 4-year extension, we heard arguments that the Senate would not accept anything longer than a 4-year extension. However, that has proven not to be the case. Now, House leadership has been forced to schedule a vote on a bill to extend the moratorium for 7 years because the current moratorium expires tomorrow. It's a shame they did not do this, and more, voluntarily when they had the chance.

Instead, the Senate, and I, too, join in commending Senator WYDEN and Senator SUNUNU in the bipartisan effort that was made in the Senate, which passed a more reasonable bill with a longer term of protection for American taxpayers.

The bill before us today extends the moratorium for almost twice as long as

the House-passed bill, and while I would prefer a permanent ban, this is a vast improvement over current law. This bill will continue to help ensure that the digital divide does not grow between those who can and cannot afford broadband Internet access.

The bill will also help ensure that businesses have more certainty when making business decisions about whether to deploy broadband to areas they do not currently serve, such as rural areas across the country.

I urge the Members of this body to support this important legislation.

Ms. LINDA T. SÁNCHEZ of California. Madam Speaker, at this time, I am pleased to yield 3 minutes to the gentlelady from California (Ms. ZOE LOFGREN), a colleague of mine on the subcommittee and the Committee on the Judiciary.

Ms. ZOE LOFGREN of California. Madam Speaker, I rise in support of H.R. 3678.

In a welcome and refreshing instance of bipartisan, bicameral cooperation, the Senate took our bill and improved it. The longer moratorium means that service providers will have more certainty when deciding whether to make critical investments in basic infrastructure of the Internet.

The 7-year extension is longer than any that has ever been approved by any previous Congress. Consideration of this bill today shows that the Democrats in the 110th Congress truly understand the importance of the Internet to our economy.

Equally important, the bill as amended makes absolutely clear that Internet access embraces ancillary services such as e-mail, instant messaging and personal storage capacity. This change removes ambiguity with respect to these services, and thereby encourages robust competition among Internet service providers.

And importantly, today is October 30. By passing the extension of the Internet tax moratorium with ample time for the President to sign the bill into law, we avoid the almost certain disruption that would attend any further delay. Failure to act would be a mistake and a step away from the pledges we made in the Innovation Agenda.

I continue to believe that a permanent ban on the taxation of Internet access is important to maintaining and improving our place in the information economy.

I remain a proud cosponsor of my friend ANNA ESHOO's bill that would have made the moratorium permanent. I will continue to work with her and Mr. GOODLATTE to achieve that goal, but I heartily accept H.R. 3678 as a fair compromise between our position and the views of those who are reluctant to entirely abandon the possibility of one day taxing the Internet.

Ultimately, we will reach the legislative conclusion that taxing the Internet is simply a bad idea. Fortunately, this bill buys us enough time to get there and is an important, big step in the right direction.

Aside from supporting expansion of the broadband and innovation, it's also good news for American families that they will not face a new tax burden when they utilize the Internet come November 1. Therefore, I urge my colleagues to join me in supporting this important and very timely legislation.

I thank the chairwoman of the subcommittee.

Mr. SMITH of Texas. Madam Speaker, I yield 3 minutes to the gentleman from California (Mr. CAMPBELL).

Mr. CAMPBELL of California. I thank the gentleman from Texas for yielding.

Let's make it clear what this bill does not do. What it does not do is it does not prohibit States or localities from putting general application taxes on Internet transactions as they would apply if that transaction were taking place not on the Internet. For example, it does not ban sales taxes on transactions over the Internet, as long as those taxes are the same sales taxes as would be applied if that purchase was transacted in a store or over a catalog, but what it does do is it says you cannot put discriminatory taxes on the Internet.

□ 1045

You cannot take that sales transaction and give it a sales tax that is higher because it was transacted over the Internet than if it were not. It also says that you cannot tax access or use to the Internet.

Can you imagine, can anyone out there imagine that if every time you sent an e-mail there was a tax that went on your credit card or something for using it, or every time you went on a Web site, there was a tax? That's absolutely unconscionable. Particularly today, when we realize how much of the economic growth we have experienced in this decade has come from the Internet and how much distribution of knowledge there has been and how it is a great equalizer that so many people at so many incomes and in so many locations are able to access knowledge that was previously unavailable.

The Internet has been a great engine for economic growth and for the distribution of knowledge. We don't want to slow down that engine by taxing it.

Now I, like I believe every other speaker this morning, wishes that this bill were a permanent ban. I can't imagine a time when we would want to restrict your access to the Internet by taxing it.

However, 4 years is better than zero, and 7 years is better than 4. So this 7-year extension is something that I will heartily support.

However, I also desperately hope that before we get to the day of the expiration of this next 7-year period, that sometime within this 7 years that this Congress realizes and recognizes once and for all that taxing the access to or use of the Internet is a bad idea and makes this ban permanent in the future.

Ms. LINDA T. SÁNCHEZ of California. Madam Speaker, I reserve the balance of my time.

Mr. SMITH of Texas. Madam Speaker, how much time remains on each side?

The SPEAKER pro tempore. The gentleman from Texas has 10½ minutes, and the gentlewoman from California has 12 minutes.

Mr. SMITH of Texas. Madam Speaker, I yield 5 minutes to the gentleman from Michigan (Mr. UPTON) who is a senior member of the Energy and Commerce Committee and also ranking member of that committee's Subcommittee on Telecommunications and the Internet.

Mr. UPTON. I thank the gentleman for allowing me to have a little bit of time this morning to talk about a very important issue.

Madam Speaker, I am one of those Members of Congress who actually reads and signs all of his legislative mail from their district. I can remember not too long ago there was a write-in campaign to every congressional office complaining about a bill that Congressman Snell had introduced that was going to tax the Internet, every single piece of transaction that one might have on the Internet. Of course, as we know as we look at this board, and I have served in this Congress, I like to say not long enough, but I have never served with a Congressman Snell in the 21 years that Mr. SMITH and I have served here together.

I went through it to find out when did Congressman Snell serve? There must have been a Congressman Snell. Well, there was. He served in the 64th Congress. Now, that was a long, long time ago, and I daresay it was before the Internet. It was before Al Gore invented the Internet, and it was before the Senate and the House discovered it as well.

But can you imagine taxing every different thing that one might do on the Internet?

I look at our own household here and back in Michigan. Often we come home, my wife and I, the first thing we do is we get on the Internet. We check what our daughters might be saying at college. Two nights ago I was doing some Internet surfing, and I got IMs from my daughter, probably about 20, 25. It was a wonderful experience that she and I had communicating. But can you imagine if there was a tax on every single IM message that came back and forth?

A lot of us do our banking on the Internet, check our different accounts. Can you imagine every single time you are going to get a tax on the Internet? For me, I am a sports nut, my Wolverines. I was at MGoBlue last night a couple of different times. When is the Michigan-Michigan State game going to be on this weekend? Can you imagine if you got taxed every time? I wanted to check if Michael Hart was going to play this Saturday. I checked a bunch of different Web sites. Can you

imagine if you got a tax every single time? That's just nuts.

Thank goodness we are extending the current moratorium that otherwise expires this week. Now, I am one that wanted to make it a permanent extension. I join with Mr. GOODLATTE and Mr. SMITH and others as a cosponsor of legislation so that we don't have to do this every single year. We passed in the House a couple of weeks ago a bill that was unanimous, in fact, as I recall, that extended it for 4 years.

The Senate finally did something right; they actually extended it beyond 4 years. We are going to see an extension for 7 years. Even though it's not permanent, 7 years is better than nothing, and that's what we are doing today.

But as I think about all the different uses that we use on the Internet today, to think that we would tax every e-mail, every search of the Web, all those different things. As the former chairman of the Telecommunications Subcommittee, I know that this will stifle the growth of the Internet in a major, major way.

I would ask all of my colleagues, Republican and Democrat, to support this extension. Let's get it to the President. I am sure that he will sign it, hopefully, before the week is out, so that we can no longer have the audacity to think that a Congressman Snell will come back and, in fact, perhaps introduce a piece of legislation that will, in fact, tax every Internet transaction. It would be disastrous.

Ms. LINDA T. SÁNCHEZ of California. Madam Speaker, I reserve the balance of my time to close.

Mr. SMITH of Texas. Madam Speaker, I have no further requests for time, and I yield back the balance of my time.

Ms. LINDA T. SÁNCHEZ of California. Madam Speaker, H.R. 3678, as amended by the Senate, remains a strong bill that provides much-needed clarity to the communications and Internet industries and strikes an appropriate balance in addressing the needs of States and local governments while helping keep Internet access affordable. I urge my colleagues on both sides of the aisle to join me in supporting it.

Mr. CHABOT. Madam Speaker, I rise in support of H.R. 3678, the Internet Tax Freedom Act Amendments Act, as amended by the Senate.

The Internet has changed the way we communicate, learn, and do business—all for the better. Since the Internet tax moratorium was first adopted, tremendous investment, growth and innovation in the scope and use of the Internet has occurred. By preventing unnecessary taxation of the Internet, Congress has fostered growth in productivity, spurred innovation, and widened public access to information.

This expansion is impressive. However, there is still more that Congress can do to ensure equal Internet access among all Americans. As I stated when the House passed its 4-year extension, permanently prohibiting un-

necessary taxes, such as an Internet access, is the best course of action for accomplishing this goal.

The surest way to stifle achievement, progress, and growth is to involve the government. I urge my colleagues to pass H.R. 3678's 7-year extension and use this time to work together to permanently extend the moratorium in order to foster the innovation and the free market that have been the formula for economic growth and prosperity.

Mr. COLE of Oklahoma. Madam Speaker, though I would have voted "yea" on the Internet Tax Freedom Act, it is not the vote I wished to have had. I along with 242 bi-partisan co-sponsors wanted to see the Internet Tax Moratorium made permanent instead of an extension for 7 years. Through negotiations in the House, members were told that the Senate would never agree to anything longer than 4 years. Then, we were forced to vote on a 4-year extension October 16, without the opportunity to add amendments to lengthen the ban—or even make it permanent.

Madam Speaker, today we are now voting on a Senate amendment to H.R. 3678, extending the ban for 7 years—3 more years than what we were told the Senate would agree to. Imagine what we could have accomplished had the democrat leadership had listened to the will of 242 members from both sides of the aisle asking to make this ban permanent.

Ms. LINDA T. SÁNCHEZ of California. Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from California (Ms. LINDA T. SÁNCHEZ) that the House suspend the rules and concur in the Senate amendment to the bill, H.R. 3678.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. SMITH of Texas. Madam Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

**PROVIDING FOR CONSIDERATION OF H.R. 3867, SMALL BUSINESS CONTRACTING PROGRAM IMPROVEMENTS ACT**

Mr. CARDOZA. Madam Speaker, by direction of the Committee on Rules, I call up House Resolution 773 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

**H. RES. 773**

*Resolved*, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 3867) to update and expand the procurement programs of the Small Business Administration, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived except those arising under clause 9 or 10 of rule XXI.

rule XXI. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Small Business. After general debate the bill shall be considered for amendment under the five-minute rule. The bill shall be considered as read. All points of order against provisions of the bill are waived. Notwithstanding clause 11 of rule XVIII, no amendment to the bill shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Each such amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against such amendments are waived except those arising under clause 9 or 10 of rule XXI. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

SEC. 2. During consideration in the House of H.R. 3867 pursuant to this resolution, notwithstanding the operation of the previous question, the Chair may postpone further consideration of the bill to such time as may be designated by the Speaker.

The SPEAKER pro tempore. The gentleman from California is recognized for 1 hour.

Mr. CARDOZA. Madam Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Florida (Mr. DIAZ-BALART). All time yielded during consideration of the rule is for debate only.

**GENERAL LEAVE**

Mr. CARDOZA. Madam Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on House Resolution 773.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CARDOZA. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, House Resolution 773 provides for the consideration of H.R. 3867, the Small Business Contracting Program Improvements Act, under a structured rule.

As the Clerk reported, the rule provides 1 hour of general debate, equally divided and controlled by the chairman and ranking member of the Committee on Small Business. The rule waives all points of order against consideration of the bill except for clause 9 and 10 of rule XXI.

Ten amendments that were submitted to the Rules Committee for consideration were made in order. All four Republican amendments that were submitted and six Democratic amendments that were submitted were all