

Maytag built a wonderful community and a wonderful business. Now, in what seems like the blinking of an eye, Maytag is gone.

Why? Well, because it is cheaper to make appliances in foreign countries that pay their workers a pittance; that lack labor standards and environmental protections. Maytag management was seduced by the lure of lower wages; sent jobs from some of their plants to Mexico.

This, combined with unwise decisions by management to buy a variety of companies, significantly weakened Maytag's finances and their ability to invest in improvements to their own product lines. That made the company a takeover target.

It is a personal tragedy for the workers of Maytag and elsewhere who have lost good-paying jobs, but it is something else; it is a threat to the middle-class standard of living in this country, as displaced workers are obligated to accept lower paying jobs, often without health insurance or pension benefits.

According to a study by economists at Iowa State University, the average income in Jasper County, that is the home of Newton, the average income in Jasper County in 2005 was \$34,400 a year, again, because of Maytag.

Without the Maytag jobs, the average income will drop by nearly \$5,000. Let's be clear. As I said, washing machines made elsewhere will probably still carry the Maytag brand, but I will always say that the heart and soul of Maytag was the Newton community.

Richard Doak, a Des Moines Register columnist, was intervening a Maytag worker years ago when the company was hinting it might close the Newton plant. The worker stated:

If that ever happens, it will be the end of Maytag, because the people of Newton are the essence of the company. We pump blue blood [said the worker, referring to the color of the Maytag logo.]

Daniel Krumm, the chief executive officer who transformed Maytag into a global company said that what he called the Newton ethic, was the key to the company's success. By the Newton ethic, he meant an entire community that was loyal to the company and took great pride in making products of the highest quality.

Unfortunately, some of Daniel Krumm's successors chose to betray the Newton ethic. Some of them chose to cash it in for cheaper products, and higher profits made outside the United States.

This story is all too familiar to skilled workers in the manufacturing sector in this country. You might wonder why I am on the floor talking about this on this Thursday, October 25. Because tomorrow, on Friday, Maytag will shutter its last plant and cease operations in Newton, IA. I worked as hard as I could to prevent the Whirlpool takeover of Maytag. I worked with State and local officials to prevent the closing of the plant in Newton. But in the end, regrettably, our efforts were unsuccessful.

Particularly, I wish to salute the tremendous effort of the officers, the plant committee, the department of stewards of United Auto Workers Local 997. Under the outstanding leadership of Ted Johnson, the local president, they have been on the frontlines throughout the crisis of Maytag, fighting to prevent the plant closure; when that failed, doing everything possible to help the displaced workers.

Tomorrow, Friday, will be a sad day in Newton, IA. But there is rebirth. Not all of the news from Newton is bad. The Newton ethic survives, and the Newton community is resilient. Two companies, Iowa Telecom and Caleris, plan to add more than 200 jobs in Newton by the end of the year.

Other businesses are expanding. Community leaders are coming together to develop a strategy to rebound from the loss of Maytag. I wish them every success, and I will stand ready to continue to assist in any way I can.

Another sad chapter in the continuing decline of our manufacturing base in America. Maytag. Who has not seen the ad about the Maytag repairman who has nothing to do because Maytag was such a good product?

Whether it is refrigerators or washing machines, home appliances, Maytag always stood for the best in quality. It was the best in quality because it was made by dedicated workers, skilled workers who took pride in their work. They made good livings. They were middle-class families. I said it was always a joy to go to Newton. It was wonderful to see the sons and daughters of assembly line workers going to the same school as the executives' kids, all working together, going to the same churches, belonging to the same clubs, going to the same bowling alleys, having this wonderful picnic every year, where the executives and their families and the workers and their families all were enjoying their annual picnic with their kids.

They took pride in the products they built. I do not think the people in some of these other countries will have that same kind of commitment. They are lower paid, they did not have the benefits. At some point, we have to take stock of what is happening to our manufacturing base in this country and what is happening to us in terms of a community and a business that can grow and evolve.

I know things change, and they have to change, but still, there is no reason, there is no reason why Maytag had to leave Newton. There were some bad business decisions made. But, again, it is chasing higher profits in the short term by shipping our jobs out overseas or to Mexico or to other countries.

And those short-term profits lead to long-term losses for the workers and their families and everyone else. So it is a sad day tomorrow in Newton and a sad day for all of us trying to work so hard to keep Maytag alive.

The PRESIDING OFFICER. The majority leader is recognized.

INTERNET TAX FREEDOM ACT AMENDMENTS ACT OF 2007

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 429, H.R. 3678.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 3678) to amend the Internet Tax Freedom Act to extend the moratorium on certain taxes relating to the Internet and to electronic commerce.

There being no objection, the Senate proceeded to consider the bill.

Mr. REID. Mr. President, I ask unanimous consent that the amendment at the desk be agreed to, the bill, as amended, be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to this matter be printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

The Republican leader is recognized.

Mr. McCONNELL. Mr. President, reserving the right to object—and I certainly will not object—I just want to take a brief moment to say how pleased I am we are able to reach this bipartisan compromise. This package will extend the current Internet tax moratorium for 7 years—nearly twice as long as the bill passed over in the House of Representatives. This is a positive step in protecting American consumers from taxes on Internet access, taxes that strike at the heart of innovation and economic growth in America.

I particularly thank the distinguished Senator from New Hampshire for his skillful role in bringing this issue before the Senate, for pushing it aggressively, and getting, in my judgment, a much better solution to this problem than was achieved in the House of Representatives. I know he shares my view, and I assume the view of everyone in the Senate, that the House will simply take up the Sununu measure and pass it.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The amendment (No. 3466) was agreed to, as follows:

(Purpose: To amend the Internet Tax Freedom Act to extend the moratorium on certain taxes relating to the Internet and to electronic commerce)

Strike all after the enacting clause and insert the following:

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 or 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 home page, 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 amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The bill (H.R. 3678), as amended, was passed.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. REID. Mr. President, I also want to express my appreciation for the diligent work of my friend from Delaware. Senator CARPER has worked on this issue for years. We have had a number of others who have been involved in this issue. Of course, the chairman of the committee, Senator INOUYE, has been very helpful during the day. We have had assistance from Senator ROCKEFELLER and Senator WYDEN, but I and the Senate owe a debt of gratitude for the work done by my friend from Delaware, working with our friend from New Hampshire.

PASSENGER RAIL INVESTMENT AND IMPROVEMENT ACT OF 2007—Continued

AMENDMENT NO. 3452 WITHDRAWN

Mr. REID. Mr. President, I ask unanimous consent that the Sununu amendment No. 3452 be withdrawn and the cloture motion be withdrawn.

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

A PRODUCTIVE WEEK

Mr. REID. Mr. President, there will be no votes tomorrow. We have announced long since that we would have no votes Monday. We have a lot we are going to do Tuesday, the first of which is to complete the work on the important Amtrak legislation. There has been great progress made on that today.

I think we have had an interesting week. We may not be happy with the results—I say that because some are happy, some are not—but it has been a productive week. It has been a week in which, in spite of the divisiveness of the issues before us, they have been handled in a very collegial way. There have been strong feelings expressed on both sides, but it has been done, I think, in a way that brings credit to the Senate.

The PRESIDING OFFICER. The Republican leader is recognized.

Mr. McCONNELL. Mr. President, just briefly, a couple of other observations, I would say that I know it is the position of the Senator from New Hampshire—of course, he can speak for himself, but it is the position of the Senator from New Hampshire, myself, and many others that we make this moratorium permanent. I think that still ought to be our goal in the future.

With regard to the week that is now coming to a conclusion, I would have to state it has been quite a good week, with a number of achievements that