

fair competition. Whether it's the Department of Energy's disastrous Solyndra project, or levying sales taxes, or a multitude of other policy decisions that impact the private sector, the government picking winners and losers is a perversion of the free market system. Lawmakers on Capitol Hill—especially conservatives—ought to at least acknowledge this when deliberating important reforms to the tax code. As we consider wholesale reform, exempting Internet sales can no longer be justified.

The Marketplace Equity Act of 2011 begins this conversation. It's not a perfect bill, but it's a critical beginning to this dialogue and should spark bipartisan support for revenue neutral reforms. Rest assured, we will not be party to or stand for Trojan Horse legislation that claims to strive for equity in the law merely to serve as a cloak for secret tax increases.

We have a great opportunity to drastically lower rates, especially corporate rates, and eliminate esoteric tax preferences to stave off the next massive financial crisis. A flatter, fairer, simpler tax code is the key to ensuring American competitiveness for generations to come. Our leaders in Congress are obligated to thoughtfully consider measures to achieve this.

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GET THAT INTERNET TAX RIGHT

(By William F. Buckley Jr.)

Congress is up against it: what to do about Internet commerce?

To return to an example given earlier in this space, you have a mother living in Hartford, Connecticut, looking for a new mattress and spotting one on the website of a producer in Massachusetts. The feel of it is right, and so is the price, so the \$500 order is placed. The mattress crossing the border is not taxed, because writing the Constitution in Philadelphia in 1787, it was decided: no tariffs within the 13 states. Interstate commerce would be regulated only by Congress.

Which is all to the good, but Connecticut takes the position that the family living happily in Hartford has to pay its share of the cost of government, which entitles the treasury to a use tax. If the mother in Hartford who sent out for the mattress in Massachusetts were a perfect citizen, she would write a check for \$30 (6 percent) to the State of Connecticut and sleep at complete ease with her conscience. What she does do, is sleep at complete ease with her conscience without sending in the check for \$30. The reason for it is that taxes of that order are pretty well uncollectable. An uncollectable tax is one which would cost more to exact it would yield in profit. There is, in addition, the political question. People wouldn't like it when Big Brother stared into every out-of-state package, inquiring whether there is something in it for city hall.

So that one part of the pressure building on Congress is collectivist: to let states come in with a transfer tax. But a second pressure is from merchants who see themselves affected by untaxed transactions. The mattress maker in Connecticut is willing to compete with the company in Massachusetts, but does not like it if out-of-state businesses are, in practical terms, subsidized; that's what the non-tax amounts to. Local concerns are complaining about traffic in mattresses and books and records and computer equipment which, ordered through the Internet, come in, so to speak, duty free.

Three years ago, Congress voted to continue until 2001 the tax-free character of interstate commerce. This meant not only a prospective loss of tax to the affected states, it meant also something on the order of a benediction on a staggering development in

technology. The Internet is the happiest intellectual, journalistic, and educational development in history, and the thought of letting the weeds of prehensile government crawl about it struck some as on the order of enforced shutters on sunlight, or taps on waterfalls.

But, sigh, that was three years ago, which in the Internet business is three millennia ago. The estimated commerce done by the Internet in 1998 was \$9 billion. Last year it was \$26 billion. Which means we have to come to earth, and face homespun economic truths. If the advantage of tax-free Internet commerce marginally closes out local industry, reforms are required.

The mechanics of reforms call on holding not the buyer, but the seller, responsible. It still won't be possible to target the mother in Hartford directly when the mattress arrives, but the exporter of it in Massachusetts can be required to add \$30 to the cost of the mattress, and send the check off to Connecticut Internal Revenue. It is, finally, impossible for Congress to wrestle with the problem without yielding to legitimate demands of the states spending the money on education, police, and fire departments, and deprive them of revenue.

The question has not come up in the current welter of proposals, but we have to watch carefully to prevent the United States Postal Service from getting into the act. The most calamitous exposure of the postal service since the days of mail-train robberies is of course fax and the Internet. These are, for all intents and purposes, absolutely free transactions. One hundred messages can be sent out, or for that matter one thousand, for less than the cost of a first-class postage stamp. A rumor swept about the medium, a year or so back, that a proposal was making way that would charge five cents for every communication sent out on the Internet.

The very idea is heretical, like charging for Communion wafers. To tax the Internet for the benefit of the postal service is unsupportable reasoning. The postal service needs to survive from its own revenues. If there is a shortfall, the government can come up with it, as required, on the same principle as rural free delivery. But to attempt to relieve its problems by contaminating the Internet is something that any congressman who has taken an oath to right reason is bound to oppose.

NOVEMBER 8, 2011.

Senator LAMAR ALEXANDER,
U.S. Senate, Dirksen Senate Office Building,
Washington, DC.

DEAR SENATOR ALEXANDER: I am writing to thank you for your leadership in helping to advance a federal solution to a problem states need Congress to address: the preservation of their own right to enforce their own tax laws and returning fairness to the marketplace.

The Marketplace Fairness Act will bring much needed, and long overdue, relief to the State of Tennessee. Tennessee and other states are currently unable to compel out-of-state businesses to collect sales taxes the same way local businesses do. It is important for states to determine their own tax policy and have the ability to collect the revenues they are already owed. This is why your legislation is so important.

The Internet has changed the way we do business and provides small businesses the opportunity to grow, but we need our laws to adapt to this new marketplace. Our state relies on sales taxes for the majority of its revenue, and each year we are losing hundreds of millions of dollars that could be used to benefit Tennessee. What cannot happen is for Congress to do nothing, which will prevent states from enforcing their own laws.

Your legislation gives states the flexibility to determine what works best for them, and I am grateful that you are putting states' rights first and closing this online sales-tax loophole. The Marketplace Fairness Act strikes the right balance for Tennessee, and I fully support your efforts.

Warmest regards,

BILL HASLAM,
Governor, State of Tennessee.

Mr. DURBIN. Mr. President, would the Senator from Tennessee yield for a moment?

Mr. ALEXANDER. Oh, yes.

Mr. DURBIN. I wish to go on the record on behalf of myself and, I am sure Senator ENZI, in saying that Senator ALEXANDER doesn't give himself enough credit. He has been an integral part of putting together this bipartisan bill. We wouldn't be here without him. I want to thank him for facilitating the bipartisan effort to put this bill together. I share his feelings. I think we have finally found that sweet spot, and we can pass this bill.

Mr. ALEXANDER. I thank the Senator from Illinois.

Mr. ENZI. Mr. President, we yield the floor.

The PRESIDING OFFICER (Mr. BINGAMAN). The Senator from Rhode Island.

Mr. REED. I ask unanimous consent to return to morning business.

The PRESIDING OFFICER. The Senate is in morning business.

Mr. REED. Mr. President, let me also commend Senator ENZI and Senator DURBIN and Senator ALEXANDER because I too am a cosponsor of this legislation, and I think it does represent a remarkably thoughtful and bipartisan approach to the problem of providing resources to local States and communities so they can carry out the very challenging issues of local governments. I am not surprised that Senator ALEXANDER is a key element in this product. Both Senator ENZI and Senator DURBIN deserve to be complimented. I thank them for their leadership.

VOW TO HIRE HEROES ACT

Mr. REED. Mr. President, I rise specifically to speak in strong support of the VOW to Hire Heroes Act of 2011. This legislation incorporates key components of the American Jobs Act and other bipartisan proposals designed to help veterans find jobs, including the Hiring Heroes Act, of which I am a proud cosponsor. These are common-sense policies that Congress can and should pass immediately.

We are in the midst of an unemployment crisis that is obvious to every American, and it is a growing problem that is sapping not only our economic strength but indeed our sense of national purpose and our morale. The national unemployment rate has been hovering around 9 percent, and that means 14 million Americans are looking for work in one of the toughest economies since the Great Depression. But what is unfortunate—some might

even say shameful—is that almost 1 million of those Americans looking for work are veterans returning home after valiantly serving our country. The unemployment rate for veterans of Afghanistan and Iraq is an indefensible 12.1 percent. It represents a significant blow to young men and women who are returning home after serving their country in very difficult circumstances. In 2010, 36 percent of Afghanistan and Iraq-era veterans were unemployed for longer than 26 weeks. Again, that is a shameful statistic.

This unfortunate trend is mirrored in my home State of Rhode Island. We have a very high unemployment rate—10.5 percent, one of the highest in the Nation. We have been unfortunately in that category for almost 2 years now. But for veterans, the rate is 11.1 percent. They are doing even worse than other nonveterans in the unemployment category. That is one more reason, by the way, that we should extend the unemployment compensation legislation that is so necessary. I have joined Senators DURBIN, WHITEHOUSE, LEVIN, MERKLEY, and GILLIBRAND, and we have proposed to do this with the Emergency Unemployment Compensation Extension Act of 2011. We still have people coming back from Afghanistan; we still have people who are holding on to a job but very well might lose it. They need these benefits, and if we don't pass this legislation, then beginning next January, there is a very real possibility that they will not be able to get these benefits which are so essential.

We have to work together. I think it is a very good example of the work Senator ENZI, Senator ALEXANDER, Senator DURBIN, myself, and others have done with respect to this legislation on sales tax. But we have to work across the aisle, particularly for our American veterans, but also for American workers throughout this country.

Again today we have a component of the American Jobs Act before us. This bill is focused on veterans, but the jobs act overall should be passed. We have argued for it endlessly, because it will put Americans to work, it is fully paid for, and it will be an investment in our infrastructure and in other programs that are long-term needs of this Nation.

This particular legislation before us targeted at veterans would provide incentives for businesses to hire these veterans, including a tax credit of \$2,400 for hiring a veteran who has been unemployed for more than 4 weeks but less than 6 months, a \$5,600 tax credit for hiring a veteran who has been looking for a job for more than 6 months, and a \$9,600 tax credit for hiring veterans with service-connected disabilities who have been looking for a job more than 6 months. These incentives will help veterans secure employment and they should be passed immediately.

These veterans deserve our help as they transition from their military

service to their civilian careers. They have incredible skills of leadership, of diligence, of dedication, of self-discipline that add to their technical skills and make them incredibly important for the growth of our economy, and they have to have the opportunity to use these skills for the benefit of their communities, as they did to defend their country. This legislation provides that critical assistance.

It has other aspects to it. First, it would provide opportunities for military personnel who are leaving active service for transitional assistance to be able to participate in workshops sponsored by the Department of Defense, the Department of Labor, and the Department of Veterans Affairs. The workshops will help them write resumes, receive career counseling, and other things.

Second, it expands education and training opportunities for older unemployed veterans by essentially providing an additional year of Montgomery GI bill benefits for use at community colleges and technical schools. It also allows servicemembers to begin to seek civilian jobs in the Federal Government prior to formally separating from their military service.

Earlier this week I was with the President when we announced these initiatives and more. After that visit to the Rose Garden, I went to Walter Reed National Military Medical Center in Bethesda to visit those young men and women who have served and who are now wounded warriors. Trust me, their spirit is undeterred, as is their commitment to their country. We owe them much more than we can ever repay, and the first payment of that huge debt is passing immediately—this week—this legislation to help our veterans. So as we celebrate Veterans Day with speeches, we will have a real accomplishment to bring to the American people and the veterans who serve and defend us today.

I yield the floor.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

DISAPPROVING THE RULE SUBMITTED BY THE FEDERAL COMMUNICATIONS COMMISSION WITH RESPECT TO REGULATING THE INTERNET AND BROADBAND INDUSTRY PRACTICES—MOTION TO PROCEED

Mr. MCCONNELL. Mr. President, I move to proceed to S.J. Res. 6.

The PRESIDING OFFICER. Under the previous order, there will be 4 hours of debate, equally divided and controlled between the two leaders or their designees.

Mr. ROCKEFELLER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mrs. HUTCHISON. Mr. President, today's debate concerns S.J. Res. 6. In a larger context, though, we have been having this debate for 34 months. The theme is, the Obama administration's relentless imposition of new and destructive regulations has not helped us get into a recovery and, in fact, I think is freezing our economy.

We have seen it with the Environmental Protection Agency when it tried to regulate carbon emissions and greenhouse gases using the Clean Air Act, a purpose for which Congress never intended the law to be used. We have seen it with the National Mediation Board when it overturned nearly a century of precedent and issued a new rulemaking to allow unions to be formed more easily but harder to decertify.

We have seen it with the National Labor Relations Board when it took the shocking step of challenging Boeing's decision to create new jobs by building a new factory in South Carolina, simply because South Carolina is a right-to-work State.

Today's issue involves bureaucratic overreach into a symbol of American innovation and creativity, the Internet, because the Federal Communications Commission has now decided to regulate the Internet. Last December, three FCC Commissioners, on a party-line vote, voted to impose rules that restrict how Internet service providers offer broadband services to consumers. Those rules, known as net neutrality, impose 19th century-style monopoly regulations on the most competitive and important job-creating engine of the 21st century, the Internet.

This marks a stunning reversal from the hands-off approach to the Internet that Federal policymakers have taken for more than a decade. During the last 20 years, the Internet has grown and flourished without burdensome regulations imposed by Washington. Powered by the strength of free market forces, the Internet has been an open platform for innovation, spurring business development and much needed job creation.