

RESOLUTION R-00-35

RESOLUTION REGARDING ELECTRONIC COMMERCE EQUITY

Whereas, The federally created Advisory Commission on Electronic Commerce Failed to reach the required two-thirds majority vote needed to forward findings and recommendations to Congress; and

Whereas, the advisory Commission on Electronic Commerce changed the two-thirds vote required by Congress to a simple majority, passing its "majority" report and forwarding it to Congress

Whereas, the Commission's "majority" report to Congress included many elements that would negatively affect future, state and local use tax revenues including:

- Failure to recommend a plan to "level the playing field" so that the same tax rules apply to sales in brick and mortar stores that apply to sales over the Internet, by telephone, mail and catalogue, leaving brick and mortar stores at a competitive disadvantage;
- A five-year extension of the Internet Tax Freedom Act moratorium until October 2006, without any resolution of the underlying use tax collection issues;
- Changes to nexus rules to exempt local brick and mortar online "affiliates" of local retailers from paying state income as well as sales tax, giving them the same tax breaks as companies that operate entirely in cyberspace;
- Exemption from sales taxes of "digitized content" on the Internet and its nondigitized counterparts sold in brick and mortar stores, such as computer software, books, and compact discs; and
- Repeal of the three (3) percent federal excise tax charged on telephone calls.

Whereas, Republican leaders in the House and Senate have initiated aggressive campaigns to pass legislation reflecting the Commission's "majority" report to Congress; and

Whereas, as part of the House Republicans' e-Contract 2000, the House recently passed H.R. 3709 which would extend the moratorium for five years without resolving use tax collection issues; and

Whereas, the Senate Republican leadership has placed H.R. 3709 on the Senate calendar for consideration, and there are other damaging bills in the Senate that would make the moratorium permanent (S.2028), prevent the collection of all taxes on sales, any part of which are conducted over the Internet (S.1611), and mandate nexus carve outs (S.2401); and

Whereas, Senators Byron Dorgan (D-ND); Robert Bennett (R-UT); John Breaux (D

PASSED this 24th day of October, 2000.

ATTEST:
Michael O. Garrett
City Clerk

APPROVED:
Tab Townsell
Mayor