

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1999 ASSEMBLY JOINT RESOLUTION 104**

March 14, 2000 – Offered by Representatives STONE and SUDER.

1 **Relating to:** urging a study of whether electronic commerce should be taxed and the
2 extension of the federal moratorium on the taxation.

3 Whereas, America’s current unprecedented economic expansion is being
4 driven, in large part, by the explosive growth of Internet companies and electronic
5 commerce; and

6 Whereas, the robust development of electronic commerce has attracted the
7 attention of government officials committed to establishing tax authority over
8 Internet transactions; and

9 Whereas, in 1998 Congress, in a move to protect the further development of this
10 emerging technology and marketplace, instituted a 3–year moratorium on state
11 taxation of charges for Internet access and discriminatory taxes on electronic
12 commerce; and

13 Whereas, electronic commerce is considered an engine for future economic
14 prosperity; and

1 Whereas, electronic commerce provides entrepreneurs and small businesses
2 the ability to expand their markets and reach out to customers across the globe; and

3 Whereas, current tax policy could subject electronic commerce transactions to
4 multiple taxation from multiple jurisdictions; and

5 Whereas, the U.S. Supreme Court has consistently ruled that the U.S.
6 Constitution places strict limits on the ability of state and local governments to
7 require a seller to collect sales and use taxes on goods sold in the state unless the
8 seller has nexus in the state; and

9 Whereas, absent these constitutional limitations, the ability of entrepreneurs
10 and small businesses to compete in the global marketplace would be severely limited;
11 and

12 Whereas, significant amounts of electronic commerce transactions would be
13 exempt under traditional existing sales tax policy, such as transactions for services
14 or business-to-business transactions; and

15 Whereas, state and local governments are currently experiencing a period of
16 strong revenue growth and record budget surpluses; and

17 Whereas, businesses operating in the global electronic marketplace are
18 currently subject to a number of other state and local taxes; and

19 Whereas, independent studies have concluded that the current revenue loss to
20 state governments from the nontaxation of the Internet is less than one-half of 1%;
21 and

22 Whereas, the average working American family already faces the highest tax
23 burden in our nation's history, paying close to 40% of its income in local, state and
24 federal taxes; and

