



State of Wisconsin  
1999 - 2000 LEGISLATURE

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**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

