



Legislative Bulletin.....October 16, 2007

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Summary of the Bills Under Consideration Today

Total Number of New Government Programs: 0

Total Cost of Discretionary Authorizations: \$0

Effect on Revenue: 0

Total Change in Mandatory Spending: \$0

Total New State & Local Government Mandates: 1

Total New Private Sector Mandates: 0

Number of Bills Without Committee Reports: 0

Number of Reported Bills that Don’t Cite Specific Clauses of Constitutional Authority: 0

H.R. 3678 — Internet Tax Freedom Act Amendments Act of 2007 (Conyers, D-MI)

Order of Business: H.R. 3678 is expected to be considered on Tuesday, October 16 2007, on a motion to suspend the rules and pass the bill.

Summary: H.R. 3678 would extend the Internet Tax Freedom Act of 1998, which prohibits the imposition of state and local taxes on Internet access providers, for four years. The bill would also amend certain provisions dealing with taxes that have been grandfathered in and taxes on telecommunications.

The bill would extend the moratorium on state and local taxation of providers of Internet access through November 1, 2011. H.R. 3678 would also extend a grandfathering clause that allows states that taxed Internet access prior to 1998 to continue to impose such taxes through November 1, 2011.

In addition, the bill would narrow the definition of “Internet access” to phase out a loophole that some states interpreted to mean that they could legally tax telecommunications services that were purchased or sold by a provider of Internet access. H.R. 3678 would close the loophole and extend the moratorium on taxation to telecommunications sales or purchases by Internet service providers. The bill would allow states that have made public rulings regarding such taxes to continue to collect them until November 1, 2007.

H.R. 3678 would further amend the definition of “Internet access” to mean a service that enables users to connect to the Internet to access content, information, or other services offered over the Internet. The definition includes the purchase, use, or sale of telecommunications by an Internet service provider as a transaction that is free from taxation.

The new definition would exclude [voice-over-Internet-protocol \(VOIP\)](#) services (like Vonage) from the moratorium, which means VOIP services would now be open for taxation by state and local governments.

Finally, the bill would define “tax on Internet access” to exclude “gross receipts” that apply to large Internet services providers, but are not taxes on Internet access. Therefore, a company may not use the Internet tax prohibition to avoid paying gross receipts taxes.

Additional Information: The Internet Tax Freedom Act of 1998 created a three year moratorium on state or local taxation of providers of Internet access and prohibited any multiple or discriminatory taxes on electronic commerce. The original bill grandfathered in certain state and local taxes that were “generally imposed and actually enforced prior to October 1, 1998.” Since its original passage, the legislation has been altered slightly and reauthorized twice — for two years in 2001 and for four years in the Internet Tax Nondiscrimination Act of 2003, which was actually enacted on December 3, 2004. In

2003, legislation that would have made the moratorium permanent was passed in the House but not acted upon in the Senate.

During committee consideration, Republicans offered three amendments to extend the tax moratorium. The first amendment, to extend the moratorium permanently, was defeated on a party line vote. The second amendment, to extend the program for eight years, initially passed by a vote of 20 – 18. However a motion to reconsider the vote passed by a party line vote and the subsequent vote on the amendment failed by a vote of 17 ayes to 22 nays, with two of the three Democrats who initially supported the amendment changing their vote. The final amendment, to extend the moratorium for six years, failed on a party line.

Though many prominent businesses and outside groups support making the moratorium permanent, some state and local associations are against it because of the potential revenue that is lost when they are not allowed to tax providers of Internet access. The group “[Don’t Tax our Web](#),” which boasts prominent support from companies such as AT&T, AOL, Ebay, Yahoo, and Sprint, has strongly supported legislation to permanently extend the tax moratoriums in order to “promote broadband deployment and facilitate affordable Internet access for all consumers.”

Currently, there are two pieces of legislation that would extend the moratorium permanently. [H.R. 743](#) (Eshoo, D-CA), which currently has [238 co-sponsors](#), and [S. 156](#) (Wyden, D-OR), which has [23 co-sponsors](#). 21 Members of the Judiciary Committee, which voted 21 – 16 against an amendment to permanently extend the moratorium, are co-sponsors of H.R. 743.

Committee Action: H.R. 3678 was introduced September 27, 2007, and referred to the Judiciary Committee. On October 10, 2007, a mark-up was held and the bill was reported by a recorded vote of 38 – 0.

Administration Position: A Statement of Administration Policy (SAP) was not available at press time.

Cost to Taxpayers: According to CBO, enacting H.R. 3678 would have no impact on the federal budget.

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: Yes, H.R. 3678 imposes an intergovernmental mandate on state and local governments. According to CBO, while there is some uncertainty about the number of states affected, CBO estimates that the direct costs to states and local governments would probably total more than \$80 million annually.

Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: The Ways & Means Committee, in [House Report 110 - 372](#), asserts that, “Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives, the Ways and Means Committee has determined that the bill as reported contains no congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of that rule.”

Constitutional Authority: The Ways & Means Committee, in [House Report 110 - 372](#), cites constitutional authority in Article I, Section 8, Clause 3 (the commerce clause).

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H.Res. 725 — Recognizing the 35th anniversary of the Clean Water Act, and for other purposes (*Blumenauer, D-OR*)

Order of Business: H.Res. 725 is scheduled to be considered on Tuesday, October 16, 2007, under a motion to suspend the rules and pass the resolution.

Summary: H.Res. 725 would resolve that the House of Representatives:

- “recognizes the 35th anniversary of the Federal Water Pollution Control Act (commonly known as the Clean Water Act);
- “recommits itself to restoring and maintaining the chemical, physical, and biological integrity of the Nation's waters in accordance with the goals and objectives of the Clean Water Act;
- “dedicates itself to working toward a sustainable, long-term solution to address the Nation’s decaying water infrastructure; and
- “encourages the public and all levels of government—
 - “to recognize and celebrate the Nation’s accomplishments under the Clean Water Act; and
 - “to renew their commitment to restoring and protecting the Nation’s rivers, lakes, streams, marine waters, and wetlands for future generations.”

The resolution lists several findings, including:

- “clean water is a natural resource of tremendous value and importance to the Nation;
- “there is resounding public support for protecting and enhancing the quality of the Nation's rivers, streams, lakes, marine waters, and wetlands;
- “maintaining and improving water quality is essential to protect public health, fisheries, wildlife, and watersheds and to ensure abundant opportunities for public recreation and economic development;
- “since the enactment of the Clean Water Act in 1972, substantial progress has been made in protecting and enhancing water quality due to a deliberate and national effort to protect the Nation’s waters;

- “the Nation’s decaying water infrastructure and a lack of available funding to maintain and upgrade the Nation’s wastewater infrastructure pose a serious threat to the water quality improvements achieved over the past 35 years [*emphasis added*];
- “the Environmental Protection Agency, the Congressional Budget Office, and other stakeholders have identified a funding gap of between \$300,000,000,000 and \$400,000,000,000 over the next 20 years for the restoration and replacement of wastewater infrastructure; and
- “further development and innovation of water pollution control programs and advancement of water pollution control research, technology, and education are necessary and desirable.”

Committee Action: H.Res. 725 was introduced on October 10, 2007, and referred to the Committee on Transportation and Infrastructure, which took no official action.

Cost to Taxpayers: The resolution authorizes no expenditure.

Does the Bill Expand the Size and Scope of the Federal Government? No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates? No.

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H.Res. 549 — Recognizing the importance of America’s Waterway Watch program, and for other purposes (Bilirakis, R-FL)

Order of Business: H.Res. 549 is scheduled to be considered on Tuesday, October 16, 2007, under a motion to suspend the rules and pass the resolution.

Summary: H.Res. 549 would resolve that the House of Representatives:

- “recognizes the importance of increasing maritime domain awareness;
- “encourages those who live, work, or engage in recreational activities around America’s waterways to maintain a heightened sense of awareness in the maritime domain and report suspicious and unusual activities to appropriate authorities; and
- “supports the goals of America’s Waterway Watch program.”

The resolution lists several findings, including:

- “the United States has a maritime border that exceeds 95,000 miles;
- “the Department of Homeland Security has begun to focus greater attention on potential security threats from small vessels and the importance of increasing maritime domain awareness;

- “the Coast Guard currently conducts a maritime homeland security public awareness program called America’s Waterway Watch program;
- “America’s Waterway Watch program acts as a force multiplier for the Coast Guard and local law enforcement and builds on local and regional security programs; and
- “during the National Small Vessel Security Summit, participants highlighted America’s Waterway Watch program and recognized its importance to increasing maritime domain awareness.”

Committee Action: H.Res. 549 was introduced on July 16, 2007, and referred to the Committee on Transportation and Infrastructure Subcommittee on Coast Guard and Maritime Transportation. On August 8, 2007, a mark-up has held and the bill was reported by voice vote.

Cost to Taxpayers: The resolution authorizes no expenditure.

Does the Bill Expand the Size and Scope of the Federal Government? No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates? No.

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H.Res. 716 — Expressing the sense of Congress with respect raising awareness and enhancing the state of computer security in the United States, and supporting the goals and ideals of National Cyber Security Awareness Month (*Langevin, D-RI*)

Order of Business: H.Res. 716 is scheduled to be considered on Tuesday, October 16, 2007, under a motion to suspend the rules and pass the resolution.

Summary: H.Res. 716 would resolve that the House of Representatives:

- “supports the goals and ideals of National Cyber Security Awareness Month; and
- “intends to work with Federal agencies, national organizations, businesses, and educational institutions to encourage the voluntary development and use implementation of existing and future computer security voluntary consensus standards, practices, and technologies in order to enhance the state of computer security in the United States.”

The resolution lists several findings, including:

- “more than 200,000,000 American adults use the Internet in the United States, 70 percent of whom connect through broadband connections, to communicate with

family and friends, manage finances and pay bills, access educational opportunities, shop at home, participate in online entertainment and games, and stay informed of news and current events;

- “almost 9 in 10 teenagers between the ages of 12 and 17, or approximately 87 percent of all youth, use the Internet;
- “cyber security is a critical part of the Nation’s overall homeland security;
- “millions of records containing personally-identifiable information have been lost, stolen or breached, threatening the security and financial well-being of United States citizens;
- “the National Cyber Security Alliance has designated October as National Cyber Security Awareness Month to provide an opportunity to educate United States citizens about computer security.”

Committee Action: H.Res. 716 was introduced on October 9, 2007, and referred to the Committee on Science and Technology, which took no official action.

Cost to Taxpayers: The resolution authorizes no expenditure.

Does the Bill Expand the Size and Scope of the Federal Government? No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates? No.

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H.Con.Res. 225 — Honoring the 50th anniversary of the dawn of the Space Age, and the ensuing 50 years of productive and peaceful space activities (*Gordon, D-TN*)

Order of Business: H.Con.Res. 225 is scheduled to be considered on Tuesday, October 16, 2007, under a motion to suspend the rules and pass the resolution.

Summary: H.Con.Res. 225 would resolve that the House of Representatives:

- “honors the 50th anniversary of the dawn of the Space Age;
- “recognizes the value of investing in America’s space program; and
- “declares it to be in America’s interest to continue to advance knowledge and improve life on Earth through a sustained national commitment to space exploration in all its forms, led by a new generation of well educated scientists, engineers, and explorers.”

The resolution lists several findings, including:

- “the dawn of the Space Age took place on October 4, 1957 with the launch of Sputnik 1, an event that was followed soon after by the American launch of Explorer 1;
- “the exploration of space evolved from cold war competition into an endeavor that has been marked by significant international cooperation, with results that have benefitted all humanity;
- “from space, we have been able to increase significantly our understanding of the universe and its origin;
- “observations from space have enabled large scale monitoring of the Earth's weather and climate;
- “satellites have become a part of our daily lives, transforming communications, navigation, and positioning; and
- “Congress has responded by renewing our national commitment to science, technology, engineering, and mathematics education with the recently enacted America COMPETES Act.”

Committee Action: H.Con.Res. 225 was introduced on October 3, 2007, and referred to the Committee on Science and Technology, which took no official action.

Cost to Taxpayers: The resolution authorizes no expenditure.

Does the Bill Expand the Size and Scope of the Federal Government? No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates? No.

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H.Res. 736— Honoring the 60th anniversary of the aeronautics research accomplishments embodied in “the breaking of the sound barrier” (Rohrabacher, R-CA)

Order of Business: H.Res. 736 is scheduled to be considered on Tuesday, October 16, 2007, under a motion to suspend the rules and pass the resolution.

Summary: H.Res. 736 would resolve that the House of Representatives:

- “recognizes and honors the contributions of the scientists and engineers of NACA and its partners who pioneered the technologies to enable supersonic flight;
- “recognizes and honors the bravery of Charles Yeager, and the bravery of the many other test pilots who, sometimes at the cost of their lives, enabled the aeronautics developments that made that first supersonic flight possible; and
- “recognizes the importance of strong and robust aeronautics research activities to the well being of America.”

The resolution lists several findings, including:

- “the National Advisory Committee for Aeronautics (NACA), and its successor agency, the National Aeronautics and Space Administration (NASA), developed and sustained the world's preeminent aeronautics research program after NACA’s formation in 1915;
- “the speed of sound once presented a seemingly impenetrable and dangerous barrier to piloted flight;
- “NACA, the U.S. Air Force, and Bell Aircraft undertook a joint project to develop and test the X-1 aircraft and achieve piloted supersonic flight;
- “on the morning of October 14, 1947, an X-1 aircraft piloted by Captain Charles ‘Chuck’ Yeager was dropped from a B-29 carrier aircraft and ‘broke the sound barrier’ and achieved supersonic flight for the first time in history;
- “this flight provided proof of the feasibility of piloted supersonic flight, and delivered the data required to improve high speed performance and develop technologies for advanced supersonic aircraft; and
- “subsequent X-plane aeronautics research projects have built on the historic accomplishments of the X-1 aircraft and achieved advances in a wide range of aeronautics research areas.”

Committee Action: H.Res. 736 was introduced on October 3, 2007, and referred to the Committee on Science and Technology, which took no official action.

Cost to Taxpayers: The resolution authorizes no expenditure.

Does the Bill Expand the Size and Scope of the Federal Government? No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates? No.

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H.Con.Res. 222 — Commending NASA Langley Research Center in Virginia on the celebration of its 90th anniversary on October 26 and 27, 2007 (Davis, Jo Ann, R-VA)

Order of Business: H.Con.Res. 222 is scheduled to be considered on Tuesday, October 16, 2007, under a motion to suspend the rules and pass the resolution.

Summary: H.Con.Res. 222 would resolve that the House of Representatives “congratulates and commends the men and women of NASA Langley Research Center for their accomplishments and role in inspiring the American people.”

The resolution lists several findings, including:

- “in 1917, the Nation's first civilian aeronautical research laboratory was established by the National Advisory Committee for Aeronautics in Virginia, and named Langley Memorial Aeronautical Laboratory;
- “such laboratory, now called the National Aeronautics and Space Association (NASA) Langley Research Center, is one of the Nation’s most prolific and most honored aerospace laboratories with a rich history of pioneering aviation breakthroughs, exploring the universe, and conducting ground breaking climate research;
- “NASA Langley Research Center is one of the leading aerospace research laboratories in the world and has consistently been a source of technology that has made aerospace a major factor in commerce and national defense;
- “NASA Langley Research Center continues to provide critical research and development that advances the Nation's future in space exploration, scientific discovery, systems analysis, and aeronautics research while generating \$2.3 billion in revenue and 21,000 high-tech jobs for the United States economy;
- “NASA Langley Research Center celebrates its 90th anniversary on October 26 and 27, 2007, and continues pioneering the next frontier in aeronautics and space.”

Committee Action: H.Con.Res. 222 was introduced on October 2, 2007, and referred to the Committee on Science and Technology, which took no official action.

Cost to Taxpayers: The resolution authorizes no expenditure.

Does the Bill Expand the Size and Scope of the Federal Government? No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates? No.

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