SENATE RECORD VOTE ANALYSIS

105th Congress | September 29, 1998, 11:25 a.m.
2nd Session | **Vote No. 292** | Page S-11085 Temp. Record

INTERNET TAX FREEDOM ACT/Cloture (Motion to Proceed)

SUBJECT: **Internet Tax Freedom Act . . . S. 442. McCain motion to close debate on the motion to proceed.**

ACTION: CLOTURE ON THE MOTION TO PROCEED AGREED TO, 89-6

SYNOPSIS: The Finance Committee substitute to S. 442 (both the Commerce Committee and the Finance Committee reported versions of the bill), will impose a 2-year moratorium beginning July 29, 1998 on certain State and local taxation of online services and electronic commerce (the Commerce Committee substitute would impose a 6-year moratorium) and will establish an advisory commission on electronic commerce to study the issue and make recommendations during that moratorium.

On September 25, 1998, Senator McCain sent to the desk, for himself and others, a motion to close debate on the motion to proceed.

NOTE: A three-fifths majority (60) vote is required to invoke cloture.

Those favoring the motion to invoke cloture contended:

This legislation has very broad, bipartisan support. Internet commerce is in its infancy, but it is growing rapidly. That growth, though, is being threatened by a rise in efforts around the country to tax it. Thousands of separate taxing jurisdictions are looking at this commerce and passing new taxes, and they are deciding whether existing taxes or regulatory rulings require tax collections. Additionally, numerous court cases have already led to conflicting rulings on the applicability of various taxes. We have proposed this bill to place a moratorium on Internet taxes so that governments will not unintentionally kill this commerce with a maze of confusing, conflicting taxes that no online business can decipher. Our intent is not to impose a permanent ban, or to rob State and local governments of their tax base, or to put Main Street businesses at a competitive disadvantage. Rather, by passing this bill, we will be given time to work out solutions to this complex problem. We have only a couple of days left this session. A handful of Senators want to stop this bill from passing, so we have had to file cloture. Our intent is not to block them from offering

(See other side)

YEAS (89)				NAYS (6)		NOT VOTING (5)	
Republican (50 or 94%)		**Democrats (39 or 93%)**		**Republicans (3 or 6%)**	**Democrats (3 or 7%)**	**Republicans (2)**	**Democrats (3)**
Abraham	Hutchison	Akaka	Kerrey	Bennett	Bumpers	Hagel-[2]	Boxer-[2]
Allard	Inhofe	Baucus	Kerry	Enzi	Cleland	Sessions-[2]	Hollings-[2]
Ashcroft	Jeffords	Biden	Kohl	Gorton	Graham		Moseley-Braun-[2]
Bond	Kempthorne	Bingaman	Landrieu				
Brownback	Kyl	Breaux	Lautenberg				
Burns	Lott	Bryan	Leahy				
Campbell	Lugar	Byrd	Levin				
Chafee	Mack	Conrad	Lieberman				
Coats	McCain	Daschle	Mikulski				
Cochran	McConnell	Dodd	Moynihan				
Collins	Murkowski	Dorgan	Murray				
Coverdell	Nickles	Durbin	Reed				
Craig	Roberts	Feingold	Reid				
D'Amato	Roth	Feinstein	Robb				
DeWine	Santorum	Ford	Rockefeller				
Domenici	Shelby	Glenn	Sarbanes				
Faircloth	Smith, Bob	Harkin	Torricelli				
Frist	Smith, Gordon	Inouye	Wellstone				
Gramm	Snowe	Johnson	Wyden				
Grams	Specter	Kennedy					
Grassley	Stevens						
Gregg	Thomas						
Hatch	Thompson						
Helms	Thurmond						
Hutchinson	Warner						

EXPLANATION OF ABSENCE:
1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:
AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

amendments; we will happily entertain any suggestions for improvement. However, we do not have the luxury of considering this bill for weeks on end because we are at the end of session. If this bill is going to be enacted this year, it is going to have to pass in the next few days. We therefore urge our colleagues to support closing debate, and to then join us in quickly considering amendments and passing this bill.

Those opposing the motion to invoke cloture contended:

We share our colleagues' concern with protecting the growth of commerce on the Internet, but in their rush to pass this bill they have created a very unfair playing field for small, Main Street businesses across America, and they have thrown open the door for anyone who wants to commit fraud to avoid paying sales tax. For instance, under this bill, it will be possible for a business to set up an Internet web site in a State that does not have any sales taxes. When a customer goes to the store and buys an item, instead of making the sale from that store, the sale will be made through the Internet from the site in the other State. This type of activity will be very difficult to stop. The barriers to entry are so low in Internet commerce and so hard to track that it is difficult to draw comparisons with catalog companies. Catalog and mail orders can be tracked easily; Internet orders cannot. Many towns and States rely on sales taxes to pay for most or all of their services--if we pass this bill, and rampant, undetectable fraud results, they will lose a huge part of their tax base. Local stores that have to collect taxes will fail due to the unfair competition from out-of-State Internet providers, State and local governments will shrink, and the Federal Government will grow as it collects new revenues from the thriving Internet businesses. In opposing cloture, we are not saying that we are against considering this bill. Instead, we are just signaling that we intend to slow this train down. This bill is unacceptable as it is currently drafted, and we intend to use every parliamentary means at our disposal in order to force changes to protect Main Street businesses and State and local governments. If some accommodations are not made, we are confident that we will be able to prevent the enactment of this bill.