

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 000288)

RESOLUTION

Petitioning the United States Congress to oppose any legislation proposed to extend or expand the current moratorium on internet access fees and sales taxes in e-commerce transactions.

WHEREAS, The use of new communications technologies, including the Internet, as a way to conduct sales of goods and services is accelerating; and

WHEREAS, Out-of-state vendors who conduct sales via the Internet, mail order, and phone, under many circumstances, are not required by law to collect existing sales and use taxes imposed by state and local governments in which the purchaser resides; and

WHEREAS, The primary barrier to collecting taxes on remote sales is the Supreme Court's ruling in Quill v. North Dakota which defers to Congress, and only to Congress, to authorize states require remote vendors to collect taxes in a manner that does not unduly burden interstate commerce; and

WHEREAS, Current laws create a competitive disadvantage and great inequities between merchants who sell from traditional "brick and mortar" establishments and those who sell from electronic locations; and

WHEREAS, The migration of sales to the Internet is restricting the ability of state and local governments and school districts to collect taxes which finance essential services including but not limited to police, fire, emergency medical service, education, social services, infrastructure development, and local healthcare; and

WHEREAS, The United States Constitution reserves for the states the right to collect and to impose taxes; and

WHEREAS, Forty-five (45) states and the District of Columbia collect over 40% of overall revenue from sales taxes to fund vital public services; and

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WHEREAS, A recent University of Texas study estimates that state sales tax revenue losses in 2003 will exceed \$10 billion; and

WHEREAS, The State of Pennsylvania also estimates a considerable loss of dollars in the coming years which could result in a significant reduction of essential public services delivered by the commonwealth; and

WHEREAS, The Advisory Commission on Electronic Commerce, established by the Internet Tax Freedom Act, failed to address, in a fair and equitable manner, the growing volume of tax-free sales transactions occurring over the Internet; and

WHEREAS, The Commission's report to Congress does not effectively address the tax losses state and local governments will experience if the Internet becomes a permanently tax-free retail market; now therefore

RESOLVED, THAT THE COUNCIL OF THE CITY OF PHILADELPHIA, Oppose any congressional action to implement the Advisory Commission on Electronic Commerce's report proposals that would preempt state and local sovereignty, guaranteed by the 10th Amendment of the United States Constitution.

RESOLVED FURTHER, THAT THE COUNCIL OF THE CITY OF PHILADELPHIA, Oppose any efforts to extend the current moratorium unless the extension is for two years or less and is directly linked to congressional authorization to states that simplifying their sales and use tax system to collect use tax on all remote transactions.

FURTHER RESOLVED, That Certified copies of the Resolution be forwarded to the Philadelphia Congressional Delegation of the sincere sentiments of this legislative body in opposition to extending the moratorium on Internet access fees and new taxes.

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CERTIFICATION: This is a true and correct copy of the original Resolution,
Adopted by the Council of the City of Philadelphia on the fourth of May, 2000.

Anna C. Verna
PRESIDENT OF THE COUNCIL

Michael A. Decker
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmembers Tasco and Krajewski

Sponsored by: Councilmembers Goode, Nutter, Reynolds Brown, Blackwell,
Rizzo, DiCicco, Ortiz, Longstreth, Kenney, O'Neill and Miller

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