

The PRESIDING OFFICER. The yeas and nays have been requested.

Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. STEVENS. Mr. President, is this a 10 minute vote?

The PRESIDING OFFICER. That is correct.

The question is on agreeing to the conference report. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Nebraska (Mr. HAGEL) and the Senator from Alabama (Mr. SESSIONS) are necessarily absent.

Mr. FORD. I announce that the Senator from South Carolina (Mr. HOLLINGS) and the Senator from Illinois (Ms. MOSELEY-BRAUN) are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Ms. MOSELEY-BRAUN) would vote "aye."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 94, nays 2, as follows:

[Rollcall Vote No. 291 Leg.]

YEAS—94

Abraham	Enzi	Lott
Akaka	Faircloth	Lugar
Allard	Feinstein	Mack
Ashcroft	Ford	McCain
Baucus	Frist	McConnell
Bennett	Glenn	Mikulski
Biden	Gorton	Moynihan
Bingaman	Graham	Murkowski
Bond	Gramm	Murray
Boxer	Grams	Nickles
Breaux	Grassley	Reed
Brownback	Gregg	Reid
Bryan	Harkin	Robb
Bumpers	Hatch	Roberts
Burns	Helms	Rockefeller
Byrd	Hutchinson	Roth
Campbell	Hutchison	Santorum
Chafee	Inhofe	Sarbanes
Cleland	Inouye	Shelby
Coats	Jeffords	Smith (NH)
Cochran	Johnson	Smith (OR)
Collins	Kempthorne	Snowe
Conrad	Kennedy	Specter
Coverdell	Kerry	Stevens
Craig	Kohl	Thomas
D'Amato	Kyl	Thompson
Daschle	Landrieu	Thurmond
DeWine	Lautenberg	Torricelli
Dodd	Leahy	Warner
Domenici	Levin	Wyden
Dorgan	Lieberman	
Durbin		

NAYS—2

Feingold Wellstone

NOT VOTING—4

Hagel Moseley-Braun
Hollings Sessions

The conference report was agreed to.

INTERNET TAX FREEDOM ACT— MOTION TO PROCEED

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order, pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The bill clerk read as follows:

CLOTURE MOTION

We the undersigned Senators, in accordance with the provision of Rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the motion to proceed to Calendar No. 509, S. 442, the Internet legislation:

Trent Lott, John McCain, Dan Coats, Chuck Hagel, Larry Craig, Christopher Bond, Wayne Allard, Paul Coverdell, Tim Hutchinson, Jim Inhofe, Mike DeWine, Dirk Kempthorne, Strom Thurmond, Jeff Sessions, Conrad Burns, and Robert F. Bennett.

CALL OF THE ROLL

The PRESIDING OFFICER. By unanimous consent, the mandatory quorum call is waived.

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on the motion to proceed to S. 422, the internet tax freedom bill, shall be brought to a close? The yeas and nays are required under the rule. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Nebraska (Mr. HAGEL), and the Senator from Alabama (Mr. SESSIONS) are necessarily absent.

Mr. FORD. I announce that the Senator from California (Mrs. BOXER), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Illinois (Ms. MOSELEY-BRAUN) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 89, nays 6, as follows:

[Rollcall Vote No. 292 Leg.]

YEAS—89

Abraham	Feinstein	Mack
Akaka	Ford	McCain
Allard	Frist	McConnell
Ashcroft	Glenn	Mikulski
Baucus	Gramm	Moynihan
Biden	Grams	Murkowski
Bingaman	Grassley	Murray
Bond	Gregg	Nickles
Breaux	Harkin	Reed
Brownback	Hatch	Reid
Bryan	Helms	Robb
Burns	Hutchinson	Roberts
Byrd	Hutchison	Rockefeller
Campbell	Inhofe	Roth
Chafee	Inouye	Santorum
Coats	Jeffords	Sarbanes
Cochran	Johnson	Shelby
Collins	Kempthorne	Smith (NH)
Conrad	Kennedy	Smith (OR)
Coverdell	Kerry	Snowe
Craig	Kohl	Specter
D'Amato	Kyl	Stevens
Daschle	Landrieu	Thomas
DeWine	Lautenberg	Thompson
Dodd	Leahy	Thurmond
Domenici	Levin	Torricelli
Dorgan	Lieberman	Warner
Durbin	Lott	Wellstone
Faircloth	Lugar	Wyden
Feingold		

NAYS—6

Bennett Cleland Gorton
Bumpers Enzi Graham

NOT VOTING—5

Boxer Hollings Sessions
Hagel Moseley-Braun

The PRESIDING OFFICER. On this vote, the yeas are 87, the nays are 6. Three-fifths of the Senators duly cho-

sen and sworn having voted in the affirmative, the motion is agreed to.

Mr. MCCAIN. Mr. President, I ask unanimous consent when the Senate begins consideration of S. 442, the Internet tax bill, the Commerce Committee amendment be agreed to; and immediately following that action, the Finance Committee substitute be agreed to and considered original text for the purpose of further amendments. I also ask that during the Senate's consideration of S. 442 or the House companion bill, that only relevant amendments be in order.

I now ask that the motion to proceed be adopted and the Senate proceed to the bill following the period of morning business at 3:15 p.m. today.

Mr. GRAHAM. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MCCAIN. Mr. President, again, the Senator from Florida has chosen to object. We just had a vote, 89-6, which probably would have been 94-6. This is not the way the Senate should function, Mr. President—1, or 2, or 3, or 4, or 5, or 6 Senators should block this important legislation. We are going to have a motion or a vote on the motion to proceed, and we are going to file cloture and we will begin the 30 hours that will bring us to final conclusion on this vote.

If the Senator from Florida wants an amendment, we will debate it. If the Senator from Florida wants to change the bill, we will discuss it. But for the Senator from Florida, with one more week to go before we leave, to continue to block consideration of this legislation, I think is clearly thwarting not only the majority of the Senate, but the majority of the American people. His own President was out in the Silicon Valley at a soft money fundraiser bragging about the fact that the Congress will pass the Internet Tax Freedom Act, as he raised \$25,000 a plate in a soft money fundraiser. And he took credit for H-1B, which Senator ABRAHAM was primarily responsible for.

We are growing weary of this. It is time we move forward with this legislation. It is time we save this critical technology, which is absolutely vital to the future of this Nation.

Mr. President, I want to state my intentions again, after consultation with the majority leader. That is, on Thursday morning, there will be a vote on the motion to proceed. It will be another 89-6 or 94-6 vote. We intend to file cloture at that time, and then we will have cloture on the bill, which will then allow us 30 hours of debate. I might point out that, in this present scenario, 1 hour of debate post-cloture on the motion to proceed is allowed per Senator. We will finish this legislation and go to conference in the House and make sure that we don't choke this baby in the cradle—which is called the Internet—which is vital to the future of the economy of this Nation and the world.

I yield the floor.

Mr. GRAHAM. Mr. President, we voted a few minutes ago to invoke cloture on the motion to proceed to the Internet Tax Freedom Act. I opposed that motion to proceed, as did the Senator from Wyoming, Senator ENZI, and a few others. I think it is incumbent upon us to state why we opposed it and why we did not oppose it.

None of us who opposed the motion to proceed did so because we are antagonistic to high technology. None of us did it because we failed to appreciate the importance of the Internet system and the enormous contribution that it has made in disseminating information to peoples around the world. No one opposed it because we failed to understand the economic importance of this both in terms of the industry itself and how this information industry makes the rest of our economy more efficient and productive. And none of us did it because we are mired in the past, because we have some childhood addiction to the way things have always been. We understand that the world is moving at an increasingly rapid pace and that these technologies are an important engine of that progress.

But why I believe we did oppose this motion to proceed was to slow down the consideration of a body whose whole purpose for being is to be a deliberative body on issues that are of importance to this Nation and its citizens.

I believe there has been an effort maybe to minimize the importance of this legislation, the Internet Freedom Tax Act, and to focus on it almost as a cliché: if you are for high technology you are for this bill. If you are opposed to high technology, you are opposed to this bill. That simplicity hides the real importance of this issue.

To me, that importance can be described under two labels. The first label, Mr. President, is fundamental fairness. If I were to use an example that I suggested to the Senator from Wyoming, Senator ENZI, earlier today: if Main Street was divided and all the stores on the left side of Main Street were under a requirement to collect sales tax on each of their sales and all the stores on the right side of Main Street were exempt from that obligation to collect tax on exactly the same sales, we would say that is unfair.

Why should the hardware store on the left side be required to collect sales tax and therefore increase the ultimate cost to its customers of the hammers and saws and nails that were purchased, but the hardware store on the right side be exempt and therefore have that competitive advantage? Everyone would immediately say, "That's unfair. How could you tolerate such a situation?"

Well, we have essentially that situation today, Mr. President, as it relates to the sales that are made on both sides of Main Street where the sellers are required to collect State and local sales taxes, and remote sellers where

you can pick up a catalog and order those same hammers and saws and nails and have them shipped to you by mail where there is no requirement of the seller to collect that sales tax. That creates a discriminatory situation in the marketplace.

This bill has as a principal objective to avoid discrimination against Internet sales. Now the question is going to be, Discrimination relative to what? To whom? Is it discrimination relative to the Main Street hardware store or is it discrimination relative to the catalog sale hardware store?

If it is the latter, then the Internet industry would be able to argue, "We shouldn't have to pay any taxes either. We shouldn't have to collect taxes because the sales are made over the Internet any more than our catalog brethren are not required to collect taxes for sales made through the post office or through telephones."

If, on the other hand, the question is discrimination against that Main Street hardware store, then the answer is the other way, that "Yes, just as Main Street has to collect, you should have to collect."

That issue of fairness then gets to the second issue of its effect on State and local governments. We in this Congress have had as one of our principal objectives to decentralize responsibility, to send more authority from Washington to the communities of America and support that principle. I am a Jeffersonian, and I believe the best government in general is that government which is closest to the people affected by a government's actions. But I understand, as we send more responsibility—whether it is in education or in health care or environmental protection or economic development—to our communities, that they are going to need a revenue base in which to carry out those responsibilities that we have just sent them.

This issue of discrimination of Internet sales has the potential of driving a major hole into the revenue sources upon which many States and local governments depend in order to provide those very services. The most at-risk service will clearly be education, since it is the largest responsibility of State and local government in terms of its importance to our future and in terms of its use of State and local resources.

So in my judgment, the most important education bill that we will debate in 1998 will be the Internet Tax Fairness Act because it has the greatest potential of fundamentally affecting what kind of education our children will receive in this and future generations.

So our reason for slowing this train down was to be able to elevate what I believe to be some very fundamental issues and provide us an opportunity to try to work through them so that we do not inadvertently, in the rush to show our support for high technology, have some very negative unintended consequences.

The good news, Mr. President, is those efforts have been underway for some time and I believe are close to bearing positive results. In the next couple of days, I anticipate there will be a meeting of many of us who were interested in this issue, from all points of view, to try to close the increasingly narrow gap that is necessary to have legislation that will achieve the desires of the sponsor, which is to give a pause and time and structure for thoughtful consideration of how the Internet transactions should be taxed for purposes of State and local government, as well as international transactions, and to allow the industry this brief period of moratorium from State and local taxes while a comprehensive set of policies is being developed.

What those of us who have been concerned about the rush to final judgment of this act have been seeking is to assure that that study will look at all of the means by which commerce is being conducted in America today so that we will receive from this moratorium and study a thoughtful set of policies that will not have the effect of eroding concepts of fairness in the marketplace and capacity of State and local governments to carry out their important responsibilities, particularly the education of our children.

So, Mr. President, those remarks are intended to de-escalate the emotion of this issue, elevate the importance of this to our Nation's future, particularly our future ability to prepare generations of Americans through quality education. And I express my appreciation to Senator WYDEN, to Senator ENZI, and to others who have been interested in this and have invested a considerable amount of their time, experience, understanding, and intellect in reaching a resolution that will be in America's interest. I believe we are close, and I look forward to reaching our destination.

I thank the Chair.

Mr. ENZI addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. ENZI. Mr. President, we just held a vote to proceed to debating the Internet tax bill. I did not vote to proceed to that bill, and I would like to take a minute to explain why I do not currently support the legislation that is before us. It doesn't have anything to do, as was said before, with whether we are high tech or not. I have been trying to get permission to bring a computer on the floor of the Senate. I work with the Internet. I understand how web sites work. I understand the advantages we could have with more utilization of computers. I understand how the Internet works, and I understand some of the spectacular advantages that we are already enjoying in this country, and some of the ones we could be enjoying to a greater level. I am not trying to keep that from happening.

There was mention in the motion to proceed that there was very little opposition. That is because it is a motion to

proceed. There would be a much stronger opposition if the bill were to be voted on right now, without some of the requests that we have made for amendments—amendments that I think are simple enough that they could have been agreed to as part of a package.

I want to say right up front that my vote was not a vote in favor of taxes. I want to reduce taxes. I want to stop new taxes—particularly at the Federal level. That is a goal we should all work toward. Federal income taxes, FICA taxes, unemployment taxes, and user taxes are always at the top of the list of burdens on working Americans and small businesses. I want to tell you that this bill doesn't reduce any of those taxes. This bill is an easy way for us to look good. We get to be the tax cutters by placing mandates on the other levels of government. We are tying the hands of local government to be able to finance itself, and we make ourselves out to be the good guys.

I wish all the Members who voted for cloture today would get as serious about reducing Federal taxes as they seem to be about reducing local taxes. This bill will create an unfair playing field. Congress does have a constitutional responsibility to regulate interstate commerce, and I understand the desire of the bill's sponsors to protect and promote the growth of Internet commerce. But I am concerned that we are picking the tax winners and the tax losers. I want to tell you, the local Main Street retailers will be the losers, unless we have some corrections in this bill.

There is also nothing in this bill to protect against fraud. The barriers to entry are so low in the Internet commerce and so hard to track that it is difficult to draw comparisons with catalog companies. Catalogs can be tracked. Those orders can be tracked. The Internet is a whole different problem.

The fraud that can exist in it can go so far as to have a retailer in a town set up an Internet web site in a State that does not have sales taxes. And when you go to purchase in that store, you would purchase through their other corporation in that tax-free State and free yourself from paying any sales tax. That is nice if you do not have to pay sales tax, except most of the States in this Nation rely on some form of sales tax for education money. Some States, including mine, rely on sales tax. There is no income tax in Wyoming. There is no income tax in several other States. There are provisions in the bill for States that do not have income tax to be represented on the commission. I think it is imperative that there be a provision in this Internet bill that those States which do not have an income tax but do have a sales tax also have representation on that committee.

There should also be a requirement for legislative suggestions from the commission. Right now the commis-

sion in this bill is required to give a report. A report on what? I think it ought to be much more specific than that and actually get into the instructions for legislation, the actual wording for the legislation that would ensure an end to the moratorium and be sure that we have something we can actually use. There should be a strong reporting requirement for the commission.

I look forward to debating this bill in the coming days. I am not opposed to the idea, but I think we have to move closer to the House version of the bill. The House bill does empower the commission to look at the remote sales issue. It does require the commission to produce legislative recommendations. These are important components of the bill that are necessary to keep it fair for small retailers and small governments.

I come from government that is closest to the people. I was a mayor for 8 years, and I served in the State legislature for 10. In Congress, we make decisions every day that affect the lives of millions of people, but they do not live at the Federal level. They live at the local level. In local government, you make decisions every day that affect the lives of your friends and neighbors, ones who know you and know what you are working on. There is a big difference.

I am very concerned with any piece of legislation that mandates or restricts local government's ability to meet the needs of citizens, and this bill does exactly that. It may not seem like a big restriction, and it may not exceed the \$50 million limit that Congress set in the Unfunded Mandates Reform Act, but it does establish a national policy against State and local government interference. It takes an affirmative step that ties the hands of local government.

What am I asking here? I am asking that we actually talk about some of the amendments that we need to have that maintain the status quo for State funding—not increases the tax, not decreases the tax, maintains the status quo. There are States that rely on this tax at the present time, and I will do everything I can to make sure that we do not take away the possibility, or the right, for those States to continue to operate.

We have to plug the loophole of the possibility for fraud, the possibility for fraud during the 2 years that there is a moratorium. If that gets established and allowed, we will have some of that happening for the rest of the time, and States again relying on the money will not have it.

That is a brief explanation. I will have an opportunity, I am sure, to expand on those considerably, but we do have concerns. That is why we are trying to make sure that we have an opportunity to have those addressed and to make sure they are addressed up front.

I thank the Chair and yield the floor.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 12:30 p.m. with time equally divided between the Senator from Minnesota, Mr. WELLSTONE, and the Senator from Vermont, Mr. JEFFORDS, or their designees.

Ms. COLLINS addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. COLLINS. Mr. President, I yield myself 15 minutes from the control of the time of the Senator from Vermont, Senator JEFFORDS.

The PRESIDING OFFICER. The Senator from Maine is recognized.

HIGHER EDUCATION AMENDMENTS OF 1998

Ms. COLLINS. Mr. President, as a Senator from a State with an excellent record of accomplishment at the secondary education level, but a discouraging low rate of participation in higher education, I am extremely pleased to rise in support of the conference report on the higher education act amendments of 1998. Mr. President, I have had no higher priority than bringing this important legislation to completion this year.

I am very proud of the record of Maine's primary and secondary schools. We have one of the lowest high school dropout rates in the country, and we rank in the top third of the Nation for residents over 25 years old with high school diplomas. More important, the academic achievement of our schools is impressive. Education Week's "Quality Counts" assessment found that the performance of Maine's students in mathematics, science, and reading was at the very top of the Nation.

Unfortunately, Mr. President, there is one dark cloud in this otherwise very bright and sunny picture, and that is the low rate of participation in higher education by Maine's high school graduates. That low rate results not from a lack of interest or lack of ability, but rather from a lack of opportunity. The legislation we are considering today holds the key for young people of limited means to get through a door that, often for financial reasons, would otherwise remain closed to them.

This reauthorization of the Higher Education Act continues the historic commitment begun 40 years ago when Congress enacted the National Defense Education Act. In the NDEA, Congress stated, "The security of the Nation requires the fullest development of the mental resources and technical skills of its young men and women."

In 1958, Congress was thinking of security in terms of the cold war and the recent launch of Sputnik by the Soviet Union. However, Mr. President, this statement remains equally valid today—although the challenge to our