from New Hampshire. I am not going to have that kind of chaos on my hands.

I hope we will continue this effort to try to bring the parties together in a constructive fashion. I wasn't aware there was going to be an effort today by unanimous consent to deal with this issue. I want to make it clear that I am anxious to work with all of the parties who have been involved in this issue. But there is absolutely nothing in the Internet tax freedom law that creates a Cayman Islands with respect to the Internet, No. 1; and, No. 2, there isn't anything that keeps States and localities from collecting taxes that are now owed; the reason it is not done is technology and politics. I hope, working cooperatively together, as we have sought to do for 18 months, it will be possible to do that.

Senator MCCAIN and I have introduced a bill that would bar discriminatory taxes on electronic commerce for 2 years. We introduced that legislation several weeks ago. It is virtually identical to what the House passed this week. I hope we can work from that. I want colleagues to know that before we come to the floor, we will be consulting with all the parties, and we will make an effort to bring people together on that.

Mr. DORGAN. Mr. President, I just want to clarify a point the Senator made. I assume he was not making the point that I was suggesting that the Internet Tax Freedom Act created a ''Cayman Islands.'' I have not suggested that, and I didn't say that today. If the Senator is responding to somebody who might have done that, it wasn't I. I want to make sure the Senator understands that.

If I might make a final point, the Senator is accurate that the State and local governments can now impose a use tax on sales that are made by remote seller to a customer in that State. He is also accurate that they almost never do because it would require the hiring of tens of thousands of Federal workers to try, in each individual case, to achieve that tax collection. That is precisely why there needs to be a balance in these proposals, to achieve both goals: Extend the moratorium and, in some cases, make them permanent; second, to both simplify the sales use tax systems and allow the collection.

I might finally say that I appreciate the generous time, and I say that I would object to a 2-year moratorium with nothing else in it that gives us an assurance of solving the second problem, as some today objected to the 8-month extension of the moratorium I suggested. We will come to a balance on that. The reason I felt the need to offer this today is that Sunday the moratorium expires, and this is simply saying we can solve that and extend it for 8 months, until next June 30, and there will be no expiration.

I appreciate the Senator yielding.

Mr. WYDEN. Mr. President, to wrap up briefly, we have tried for 18 months to bring the parties together. For example, I proposed—in spite of the fact that I see absolutely no evidence that any jurisdiction in this country has been hurt by their inability to impose discriminatory taxes, I proposed, over the opposition of many in business, that when the mayors and Governors have a proposal that is ready to go, they be given an opportunity to have a vote in the Congress, an opportunity to vote on a proposal of their choosing.

So I have clearly gone to considerable lengths to try to be sensitive to the concerns of mayors and Governors. I hope we will continue the effort to try to bring the parties together.

I was not aware there was going to be an effort to proceed to this bill by UC today, otherwise there would have been many colleagues, who share my view and support the legislation I offered with Congressman COX that passed 98 to 2 in this Chamber, to support those positions to carry on this debate. The only way we are going to get this done is to bring the parties together.

I point out finally with respect to the time period, the National Conference of State Legislatures, known as NCSL, said recently they wanted a 4-year moratorium because they were not ready, from a technological standpoint, to advance the solutions that would address this issue without putting burdens on out-of-state sellers.

We are dealing with an extraordinarily important issue. The technology sector has been very hard hit, as all of our colleagues know. The last thing they need is to be shellacked with discriminatory taxes. There are more than 7,600 taxing jurisdictions in this country. If you are talking about overturning the Quill case, which is what this debate is all about, which says that you cannot impose taxes unless there is physical presence in a particular jurisdiction—a case I strongly support—you are dealing with very serious matters with respect to the economy of this country.

I would like to see us go back to the way we tried to deal with this for the last 18 months, which was in a conciliatory way, trying to bring the parties together. Starting Monday, there is an opportunity for considerable economic mischief. Fortunately, only four State legislatures are in session right now, but there is an opportunity for considerable economic mischief.

The legislation that Senator MCCAIN and I have advanced on a bipartisan basis provides the framework to proceed, but Senator Enzi, who has been very constructive on this issue for quite some time now, has made for me and others a copy of another proposal he has. I assure him and those with whom he is working that we will look at it very carefully and work with him.

I yield the floor.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, I had not intended to speak this morning, but I arrived in the midst of the discussion of an issue which I think is very central to our federalist system of government. The Nation depends upon our States and local governments to deliver some of the most basic services that protect the security and advance the well-being of our people and our Nation as a whole.

We just had a dramatic demonstration of that with what happened after September 11. While there were a number of Federal personnel involved, the front line, the first responders, the people who lost their lives in the collapse of those buildings serving the public interest were largely employees of State and local governments.

We know, and we all applaud the importance of education for the future of our Nation. That is predominantly a State and local responsibility. What we are talking about today is the capacity of State and local governments to have sufficient control of their sources of revenue to continue to provide those very services.

While the current law, as the Senator from Oregon has correctly stated, focuses on prohibiting the States from adopting discriminatory tax systems that will single out and adversely affect distance sellers, particularly those who sell over the Internet, the fact is there is another form of discrimination, and that is the discrimination between the Main Street retail seller and that distant seller.

The discrimination is that in times past, we have adopted a philosophy that said in order for a State to require a seller to collect its sales tax, there had to be a physical presence of that seller within the State. That was a concept that made sense in a previous era, but that era has passed.

We just passed a major antiterrorism bill, and one of the basic changes we made had to do with wiretaps. Our wiretap law was basically written for the old rotary phone. It proved to be inadequate to deal with the issues of the cellular phone, computer communication, and all the things with which we are now familiar and in daily personal use.

The same economic and technical changes that have caused the Congress to reevaluate its concept of what it takes to fight terrorism have affected the way in which commerce is delivered in America.

We now have a situation where if you sell the same book at a retail store on Main Street, that seller is obligated to collect the sales tax of the State and local jurisdictions that might be imposed on that book. If you buy the identical book over the Internet, there is no obligation to collect sales tax.

I do not think that is a defensible differentiation, and the practical effect of that is going to be over time to erode the competitive position of the Main Street seller, and through that erosion also affect the ability to properly finance our police, fire, and education systems that are so critical to the functioning of our Nation.