



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

October 12, 2001

**H.R. 1552**

**Internet Tax Nondiscrimination Act**

*As ordered reported by the House Committee on the Judiciary on October 10, 2001*

H.R. 1552 would extend a moratorium on certain state and local taxation of on-line services and electronic commerce through November 1, 2003. Under current law, the moratorium is set to expire on October 21, 2001.

CBO estimates that enacting H.R. 1552 would have no impact on the federal budget. Because the bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

By extending the prohibition on collecting certain types of state and local taxes, H.R. 1552 would impose an intergovernmental mandate as defined in Unfunded Mandates Reform Act (UMRA). The bill, however, would allow states that are currently collecting a sales tax on Internet access to continue doing so. Based on information from the Multistate Tax Commission and the Federation of Tax Administrators, CBO believes enacting this bill would not affect state and local revenues currently being collected. Thus, CBO estimates that the cost of complying with the mandate would not be significant and would not exceed the threshold established in the act (\$56 million in 2001, adjusted annually for inflation). The bill contains no private-sector mandates as defined in UMRA.

The CBO staff contacts for this estimate are Ken Johnson (for federal costs) and Theresa Gullo (for the state and local impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.