As the 105th Congress Ended, A Several Lingering High-Tech Bills Became Law

he end of the 105th Congress pitted legislators facing a tight deadline to return home for the elections against a substantial list of unfinished legislative business. Fortunately, Congress passed several key high-tech bills during the closing days of the session – many as riders to the massive omnibus appropriations bill. Including legislation passed earlier in the session, the 105th Congress represents a tremendous success for SPA and the software industry, in getting the industry's message across to Congress.

In a year where the Internet reached a milestone by becoming the medium of choice to view the Starr Report – and proved it could handle this increased traffic – it was only fitting that lawmakers were able to advance valuable e-commerce and high-tech legislation. Following is an overview of legislation passed by the 105th Congress. These new laws promise to have a substantial positive impact on the software industry and lay the foundation for electronic commerce into the next century.

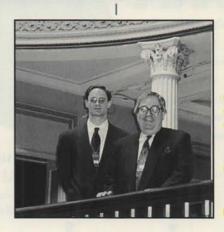
Time Out on Internet Taxation

Since the conception of electronic commerce, literally thousands of state, county, municipal and special-purpose taxing jurisdictions have created a quandary surrounding electronic transactions and posed a substantial threat to the development of electronic commerce. To prevent this from having a chilling effect on e-commerce, Congress passed the Internet Tax Freedom Act as part of the omnibus budget measure.

The final version, after more than a year of debate, established a three-year moratorium on Internet access taxes and defined sales and use tax collection obligations on companies distributing their products on the Internet as analogous to mail order vendors. The act puts in place a special commission to examine issues surrounding Internet taxation, as well as the taxation of similar "remote" sales, such as mail order and telephone. The broadened scope of the commission was a highly contested change adopted in the last hours of Senate debate a change that could result in a new tax collection model for all interstate transactions, traditional and electronic.

R & D Tax Credit Extension Times Two

The Research and Development Tax Credit was extended for one year during both the first and second sessions of the 105th Congress. Beginning again in January, SPA and others will make the rounds on Capitol Hill urging permanent extension of this valuable business tax credit. The credit provides a tremendous benefit to companies for qualified research expenditures, particularly among high-tech companies. Unfortunately, in the current days of balanced budgets and scrutinized spending, the industry may have to live with extensions one year at a time.



Bill Bowe, general counsel of SPA member company Encyclopedia Britannica Inc., and David LeDuc, SPA's legislative policy and grassroots coordinator, attended a high-tech ceremony in the Old Executive Office Building to announce the president's signing of the Digital Millennium Copyright Act on Oct. 28.

BY DAVID LEDUC, SPA