

1 [Internet Economic Impact Task Force]
2 ESTABLISHING AN INTERDEPARTMENTAL INTERNET ECONOMIC IMPACT TASK FORCE
3 TO REVIEW THE ECONOMIC IMPACT RELATED TO THE TAXATION OF ELECTRONIC
4 COMMERCE AND OTHER INTERNET ACTIVITIES AND SETTING FORTH THE
5 MEMBERSHIP AND DUTIES OF THE TASK FORCE.

6 WHEREAS, It is important that the City and County of San
7 Francisco monitor and preserve its fiscal health; and,

8 WHEREAS, The uncertainties associated with State and local taxes
9 on electronic commerce and the inconsistencies among them could
10 stifle the development of Internet commerce; and,

11 WHEREAS, With the growth of the Internet, many transactions of
12 goods and services are now occurring through electronic commerce;
13 and,

14 WHEREAS, According to a study by the University of Texas, sales
15 of products on the Web generated more than \$101 billion last year;
16 and,

17 WHEREAS, Some individuals argue that electronic commerce and
18 other Internet activities should not be taxed to encourage broader
19 use of the Internet while others believe that sales and use tax
20 revenues should be maintained whether or not transactions occur on
21 the Web; and,

22 WHEREAS, In October 1998, the United States Congress passed the
23 Internet Tax Freedom Act which imposed a three year moratorium on new
24 state or local taxes on Internet access and multiple or
25 discriminatory taxes on electronic commerce (those that are not

Supervisor Becerril

1 collectible on non-electronic transactions) and established an
2 Advisory Commission on Electronic Commerce to study the taxation of
3 electronic commerce; and,

4 WHEREAS, The Federal Advisory Commission on Electronic Commerce
5 established pursuant to the Internet Tax Freedom Act is made up of 19
6 members from across the United States; and,

7 WHEREAS, In August 1998, the California State Legislature passed
8 a California Internet Tax Freedom Act that imposes a three-year
9 moratorium on new or discriminatory taxes on Internet access and
10 online computer services; and,

11 WHEREAS, These new federal and state laws and other proposals
12 being considered by federal and state officials could have a
13 significant impact on the fiscal health of San Francisco; and,

14 WHEREAS, Pivotal issues being considered in the Internet
15 taxation debate include what activities and transactions will be
16 taxed, under what circumstances state and local governments have
17 jurisdiction to tax transactions effected on the Internet, to what
18 extent state and local governments can properly require Internet
19 service providers to maintain and report information or withhold and
20 remit taxes, and how it will be determined where the transactions
21 occur; and

22 WHEREAS, It is important that the City and County of San
23 Francisco study the issue of Internet taxation and attempt to
24 understand the potential impact of existing and pending changes in
25 the character of commercial transactions and in the tax law; and,

1 WHEREAS, It is important that the City and County of San
2 Francisco provide input to federal and state officials who will be
3 shaping the future of Internet taxation; now, therefore, be it

4 RESOLVED, That the Board of Supervisors of the City and County
5 of San Francisco hereby establishes a task force, called the Internet
6 Economic Impact Task Force, to review issues related to the taxation
7 of electronic commerce and the impact on the growth and development
8 of electronic commerce; and, be it

9 FURTHER RESOLVED, That the Internet Economic Impact Task Force
10 shall be made up of eight members including one member appointed by
11 the Mayor, one representative of the Board of Supervisors appointed
12 by the Board of Supervisors, one representative from the Department
13 of Telecommunications and Information Services (DTIS) appointed by
14 DTIS, one representative from the Mayor's Office of Business Economic
15 Development appointed by the Mayor's Office of Business Economic
16 Development, one member from the City Attorney's office appointed by
17 the City Attorney, one member from the Budget Analyst's office
18 appointed by the Budget Analyst, one member from the Controller's
19 office appointed by the Controller, and one member from the Tax
20 Collector/Treasurer's office appointed by the Tax
21 Collector/Treasurer; and, be it

22 FURTHER RESOLVED, That, to the extent data is available, the
23 Internet Economic Impact Task Force shall study the impacts on San
24 Francisco's revenues and its economic development of proposed and
25

1 actual policy changes regarding the taxation of Internet commerce and
2 other Internet activities; and, be it

3 FURTHER RESOLVED, That the Internet Economic Impact Task Force
4 shall monitor proposed federal and state policies that will impact
5 the taxation of Internet commerce and other Internet activities,
6 shall make recommendations to the Mayor and Board of Supervisors, and
7 shall communicate San Francisco's preferences to relevant decision
8 makers; and, be it

9 FURTHER RESOLVED, That, once established, the Internet Economic
10 Impact Task Force shall appoint a Chair and establish the frequency
11 and timing of Task Force meetings; and, be it

12 FURTHER RESOLVED, That DTIS shall provide staff support for the
13 Internet Economic Impact Task Force as needed; and, be it

14 FURTHER RESOLVED, That the Internet Economic Impact Task Force
15 shall report to the Finance and Labor Committee of the Board of
16 Supervisors at least every six months; and, be it

17 FURTHER RESOLVED, That the Internet Economic Impact Task Force
18 shall be established upon enactment of this resolution and shall
19 expire in October, 2001 unless a majority of the members of the Board
20 of Supervisors vote to terminate it sooner or extend it further.

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City and County of San Francisco

City Hall
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San Francisco, CA 94102-4689

Tails

Resolution

File Number: 991321

Date Passed:

Resolution establishing an Interdepartmental Internet Economic Impact Task Force to review the economic impact related to the taxation of electronic commerce and other internet activities and setting forth the membership and duties of the task force.

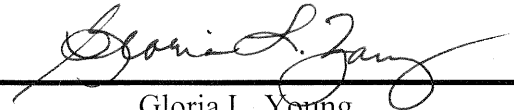
July 12, 1999 Board of Supervisors — ADOPTED

Ayes: 9 - Ammiano, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Yaki, Yee

Absent: 2 - Becerril, Teng

File No. 991321

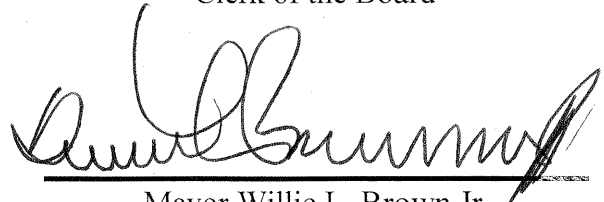
I hereby certify that the foregoing Resolution
was ADOPTED on July 12, 1999 by the
Board of Supervisors of the City and County
of San Francisco.



Gloria L. Young
Clerk of the Board

JUL 23 1999

Date Approved



Mayor Willie L. Brown Jr.