

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1878 Session of
2001

INTRODUCED BY GABIG, NAILOR, LEH, E. Z. TAYLOR, CLYMER, ALLEN,
M. BAKER, BARRAR, BASTIAN, BELFANTI, BUXTON, CAPPELLI,
L. I. COHEN, COLEMAN, CORRIGAN, CREIGHTON, DALEY, EGOLF,
FORCIER, HARHAI, HENNESSEY, HERSHEY, HUTCHINSON, JAMES,
LEWIS, LYNCH, MANN, McCALL, McNAUGHTON, METCALFE, READSHAW,
ROHRER, SATHER, SAYLOR, SHANER, STERN, T. STEVENSON,
R. STEVENSON, TRICH, WILT, ZUG AND PALLONE, AUGUST 20, 2001

REFERRED TO COMMITTEE ON FINANCE, AUGUST 20, 2001

AN ACT

1 Prohibiting the imposition of a tax or fee on remote sales.

2 The General Assembly of the Commonwealth of Pennsylvania
3 hereby enacts as follows:

4 Section 1. Short title.

5 This act shall be known and may be cited as the Electronic
6 Commerce Tax Freedom Act.

7 Section 2. Definitions.

8 The following words and phrases when used in this act shall
9 have the meanings given to them in this section unless the
10 context clearly indicates otherwise:

11 "Internet." The myriad of computer and telecommunications
12 facilities, including equipment and operating software, which
13 comprise the interconnected worldwide network of networks that
14 employ the transmission control protocol/Internet protocol, or
15 any predecessor or successor protocols to such protocol, to

1 communicate information of all kinds by wire or radio.

2 "Remote sale." A sale involving a transaction made through
3 mail-order, catalog or Internet services.

4 Section 3. Prohibition on tax.

5 (a) Prohibition.--Notwithstanding any other law to the
6 contrary and except as provided in subsection (b), the
7 Commonwealth and its political subdivisions may not make,
8 impose, assess, attempt to collect or assist another state or
9 political subdivision in the collection of any tax or fee
10 directly or indirectly imposed on a remote sale involving an
11 out-of-State consumer and a seller located in this Commonwealth
12 if:

13 (1) the seller does not have an obligation to collect
14 sales and use tax in the state to which the order will be
15 shipped; or

16 (2) the product arrives through the Internet or
17 interactive computer services, a common carrier or the United
18 States Postal Service.

19 (b) Exceptions.--The prohibition contained in subsection (a)
20 shall not:

21 (1) Apply to taxes imposed on and measured by net income
22 derived from the Internet or interactive computer services.

23 (2) Apply to fairly apportioned business license taxes
24 applied to businesses that have a business location in this
25 Commonwealth.

26 (3) Affect the authority of the Commonwealth or its
27 political subdivisions to impose a tax on other transactions
28 affected by use of the Internet or interactive computer
29 services if the tax is the same as the tax imposed and
30 collected by a state or political subdivision thereof on

- 1 similar transactions within its taxing jurisdiction.
- 2 Section 10. Effective date.
- 3 This act shall take effect in 60 days.