A RESOLUTION

To urge the Congress of the United States to enact legislation to continue allowing Ohio to impose sales taxes on certain internet access services.

BE IT RESOLVED BY THE SENATE OF THE STATE OF OHIO:

WHEREAS, The Internet Tax Freedom Act, first enacted by the Congress of the United States in 1998, largely prohibits states from imposing taxes on Internet access services; and

WHEREAS, As an exception, the Act includes a grandfather clause allowing states that had been taxing Internet services before the Internet Tax Freedom Act took effect to continue to do so; and

WHEREAS, Ohio and its counties and transit authorities levied sales taxes on Internet access services purchased by businesses before the Act was enacted, and so was authorized under the grandfather clause to continue this levy; and

WHEREAS, Ohio's economy has suffered immensely as a result of the pandemic caused by COVID-19; and

WHEREAS, Already the result of revenue forgone due to the pandemic, the Governor of Ohio has announced $775 million in budget cuts for fiscal year 2020, including over $300 million in funding for education; and
WHEREAS, The number of Ohioans claiming unemployment benefits during the pandemic has now exceeded one million, posing an additional financial burden on the state; and

WHEREAS, Ohio is also endeavoring to repay over $3 billion in federal unemployment compensation loans; and

WHEREAS, The Internet Tax Freedom Act was originally motivated by the concern that taxation of Internet access would jeopardize the viability and proliferation of the then-novel technology; and

WHEREAS, The grandfather clause was originally scheduled to expire after three years but has been extended repeatedly by Congress, at least partly in recognition of the world wide web's pervasion of commerce, society, and individuals' daily activities in spite of the grandfathered taxes; and

WHEREAS, The grandfather clause is currently scheduled to expire on June 30, 2020; and

WHEREAS, Ohio and local subdivisions stand to lose annually upwards of $200 million in sales tax revenue as the result of the grandfather clause's expiration; and

WHEREAS, Delaying the expiration of the grandfather clause and thus allowing Ohio to continue to levy sales tax on business Internet access services would significantly reduce the economic burden imposed by the COVID-19 pandemic, and help Ohio to stave off further fiscal hardship; now therefore be it

RESOLVED, That we, the members of the Senate of the 133rd General Assembly of the State of Ohio, urge Congress to enact legislation delaying the expiration of the grandfather clause in light of the state's worsening fiscal condition from the economic impact of the COVID-19 pandemic; and be it further

RESOLVED, That the Clerk of the Senate transmit a duly authenticated copy of this resolution to the Speaker and Clerk
of the United States House of Representatives, the President Pro
Tempore and Secretary of the United States Senate, each member
of the Ohio Congressional delegation, and the news media of
Ohio.