



**CITY OF FORT LAUDERDALE  
City Commission Agenda Memo  
REGULAR MEETING**

**#14-0956**

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**TO:** Honorable Mayor & Members of the  
Fort Lauderdale City Commission

**FROM:** Lee R. Feldman, ICMA-CM, City Manager

**DATE:** August 19, 2014

**TITLE:** A Resolution in Opposition to House of Representatives Bill 3086,  
"Permanent Internet Tax Freedom Act"

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**Recommendation**

It is recommended that the City Commission of the City of Fort Lauderdale, Florida approve a Resolution in opposition of House of Representatives Bill 3086, "Permanent Internet Tax Freedom Act" (H.R. 3086).

**Background**

The United States Congress passed the Internet Tax Freedom Act (ITFA) in 1998, temporally prohibiting federal, state, and local governments from imposing taxes on internet access and multiple or discriminatory taxes on electronic commerce. The ITFA has been extended three times and is currently set to expire November 1, 2014. H.R. 3086 will amend the ITFA to make the moratorium on taxes permanent, eliminating the need to revisit the bill in the future.

A report by the Congressional Budget Office (CBO) notes that if H.R. 3086 does not pass and the moratorium is allowed to expire, "some state and local governments would enact new taxes or decide to apply existing taxes to Internet access and on electronic commerce during the next five years." This would represent a potential new revenue source for the City.

An exemption included in the ITFA, which allows states and local governments to continue taxing internet access if the tax was in place prior to ITFA's first passage in 1998 will be removed by the passage of H.R. 3086. According to the CBO, removing this exemption imposes an unfunded mandate as defined by the Unfunded Mandates Reform Act (UMRA) because some states and local governments will be prohibited from collecting taxes that they normally would collect. The State of Florida and City of Fort Lauderdale did not have taxes on internet access in place before 1998 and will not be impacted by the exemptions removal.

Passage of House Bill H.R. 3086 will make permanent a moratorium that was originally intended as a temporary measure to ensure that government taxes would not inhibit the rapid growth of the internet. It is recommended that the Commission oppose this legislation as it places permanent restrictions on potential future revenue sources.

### **Resource Impact**

There will be no fiscal impact to the City's current budget.

### **Strategic Connections**

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the **Internal Support Cylinder of Excellence**, specifically advancing:

- **Goal 12:** Be a leading government organization, managing resources wisely and sustainably.
- **Objective 1:** Ensure sound fiscal management.
- **Initiative 1:** Achieve a structurally balanced budget through viable revenue sources, smart financial management, comprehensive financial forecasting, and results-oriented and efficient services.

Attachments:

Exhibit 1 – H.R. 3086 “Permanent Internet Tax Freedom Act”

Exhibit 2 – Internet Tax Freedom Act, 2007

Exhibit 3 – CBO Cost Estimate for H.R. 3086

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Prepared by: Jason Bowles  
Budget Manager: Emilie R. Smith