[US] Congress Passes Internet Bills

IRIS 1998-10:1/14

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In the past month, Congress has passed several measures to promote electronic commerce and protect children using the Internet. Three such bills were attached to the Federal budget, which President Clinton is expected to sign shortly.

The Internet Tax Freedom Act will prohibit state and local governments from imposing Internet access or bit taxes, as well as other "multiple or discriminatory taxes" on electronic transactions during a temporary moratorium. However, the bill will not prohibit taxation on gross or net income derived over the Internet or other non-transactional taxes.

The Internet Tax Freedom Act will also establish a temporary Advisory Committee on Electronic Commerce to recommend rules for the income and excise taxation of transactions using the Internet. Legislative recommendations are to be submitted within 18 months of enactment. The Committee will consist of representatives of Federal, State and local governments as well as the electronic industry and consumer representatives.

The Children's Online Protection Act restricts material considered harmful to minors from being sold or transferred of over the Internet to persons under 17 years of age. Violations carry penalties up to $50,000 and six months in prison. However, the bill does provide an affirmative defense to defendants that attempt to restrict access to minors through a verified credit card, debit account, adult access code, or adult personal identification number (or any other procedure that the Federal Communications Commission deems to be adequate). Congress passed a separate bill, the Children's Online Privacy Protection Act of 1998, to protect children under the age of 16 from having personal information - such as addresses, telephone numbers, or social security numbers - solicited over the Internet. The bill requires that web-sites targeted to children, such as some pen pal services and chat rooms, must first attain verifiable parental consent before asking for personal information from children. The Federal Communications Commission is directed to prescribe specific regulations within one year of enactment.

Finally, the President has already signed into law the WIPO Copyright Treaties Implementation Act. The Act implements the 1996 treaties signed at the World Intellectual Property Organization Conference in Geneva. Among other provisions, the Act makes it illegal to manufacture, import, or sell products that allow users to

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circumvent technological protection of intellectual property on the Internet. The complaining party may elect to receive either actual damages or statutory damages. In addition, violators may receive fines and prison terms.

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