COMMUNICATIONS, FINANCIAL SERVICE & INTERSTATE COMMERCE

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TABLE OF CONTENTS

POLICY: BANKING AND FINANCIAL REGULATIONS OF MARIJUANA .............. 2

POLICY: NCSL URGES THE UNITED STATES CONGRESS TO SWIFTLY PASS
"THE STOP ACT" ........................................................................................................ 5

POLICY: NCSL SUPPORTS AND URGES ENACTMENT OF THE REMOTE
TRANSACTIONS PARITY ACT ................................................................................. 7

POLICY: SUPPORTING THE DEVELOPMENT OF A BALANCED NATIONAL
SPECTRUM POLICY THAT INCLUDES UNLICENSED ACCESS IN
THE 5GHZ BAND TO MEET THE DEMAND FOR WIRELESS
TECHNOLOGIES ........................................................................................................ 10

POLICY: RESOLUTION SUPPORTING INTELLECTUAL PROPERTY (IP) RIGHTS
AND PROTECTIONS TO PROMOTE PRODUCTIVITY, COMPETITIVENESS and JOBS................................................................. 12

POLICY: NCSL SUPPORTS PASSAGE OF THE FEDERAL DIGITAL GOODS &
SERVICES TAX FAIRNESS ACT .............................................................................. 14

POLICY: SMALL CELL DEPLOYMENT .................................................................... 16
WHEREAS, twenty-five states and Washington, D.C., Guam, and Puerto Rico have legalized certain forms of cannabis usage; and

WHEREAS, a number of states are poised to legalize certain forms of cannabis this upcoming general election Arkansas, North Dakota, and Florida most recently passed measures permitting the use of medical marijuana; and

WHEREAS, Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, and Washington are creating substantial regulatory regimes with respect to the cannabis industry to ensure compliance with laws related to the growth, sale and usage of cannabis; and

WHEREAS, these new regulatory schemes relating to cannabis have created a significant expansion of the cannabis industry authorized under state law; and

WHEREAS, business enterprises need access to financial institutions that provide capital, security, efficiency, and record keeping; and

WHEREAS, cannabis remains illegal at the federal level as a Schedule I drug under the federal Controlled Substances Act; and

WHEREAS, the federal Bank Secrecy Act and its implementing regulations impose substantial administrative and operational burdens, compliance risk and regulatory risk that serve as a barrier to banks and credit unions providing banking services to businesses and individuals involved in the cannabis industry; and

WHEREAS, providing banking services to cannabis related businesses entails additional risk to banks and credit unions arising from the fact that cannabis is a
Schedule I drug under the Controlled Substances Act, substantially increasing risk of civil or criminal liability; and

WHEREAS, the majority of financial institutions have determined that there has been insufficient federal guidance for providing banking services to cannabis related businesses; and

WHEREAS, federal guidance for the banking industry in working with cannabis related businesses is inadequate to create a regulatory environment as it does not change applicable federal laws, imposes significant compliance burdens and is subject to change at any time; and

WHEREAS, without banking options, cannabis related businesses are forced to operate exclusively in cash; and

WHEREAS, a large and growing cash-only industry attracts criminal activity and creates substantial public safety risks; and

WHEREAS, a cash-only industry reduces transparency in accounting and makes it difficult for the state to implement an effective regulatory regime that ensures compliance; and

WHEREAS, the inability of cannabis related businesses to pay taxes in a form other than cash, which may only be remitted in person, creates a large burden on state to develop new infrastructure to handle the influx of cash, and on the business owners who may have to travel long distances with large sums of cash; and

WHEREAS, states have been forced to take expensive security measures to mitigate public safety risks to taxpayers utilizing the system, state employees and the public at large; and

WHEREAS, states do not have any control over the enforcement of federal laws and cannot enact legislation that provides banks and credit unions with protections necessary to overcome federal law; and

NOW, THEREFORE, BE IT RESOLVED, that the National Conference of State Legislatures believes that the Controlled Substances Act should be amended to remove
cannabis from schedule-† scheduling thus enabling financial institutions the ability to provide banking services to cannabis related businesses; and

BE IT FURTHER RESOLVED, that the National Conference of State Legislatures acknowledges that each of its members will have differing and sometimes conflicting views of cannabis and how to regulate it, but in allowing each state to craft its own regulations we may increase transparency, public safety, and economic development where it is wanted.
WHEREAS, the United States has experienced a significant increase in the illegal use, sale, and trafficking of dangerous and potentially fatal synthetic drugs, including synthetic cannabinoids, opioids, and carfentanils;

WHEREAS, an opioid epidemic is sweeping the United States and has reached crisis proportions, killing thousands of Americans, straining the ability of first responders, and pressuring already critically stressed state and local budgets;

WHEREAS, there are more than 300 synthetic drugs imported into the United States and more than 500 distributed globally, most of them produced in China, according to the United States Department of State;

WHEREAS, the United States Customs and Border Protection has implemented advance electronic manifesting and security screening as a key tool for identifying and intercepting high-risk shipments that may include illegal or dangerous goods such as synthetic drugs;

WHEREAS, the Trade Act of 2002 required the provision of advance electronic manifests and security screening data to the U.S. Customs and Border Patrol on all shipments into the United States except for parcel shipments from foreign posts;

WHEREAS, this gap in security screening of goods entering the U.S. constitutes a threat to U.S. national security;

WHEREAS, a major avenue for the importation of synthetic drugs is the shipment of small parcels through the international mail system via foreign postal services, and such
Shipments are the only commercial import shipments that do not currently provide advance electronic manifests and security screening data to federal agencies;

WHEREAS, the steady growth of internet commerce and electronic platforms that facilitate online purchases has resulted in an enormous increase in the volume of shipments that are imported into the United States from sellers in other countries;

WHEREAS, the lack of data necessary for the U.S. Customs and Border Patrol to screen imported purchases has made it easier to import illegal products, including opioids and synthetic substances, into the United States; and

NOW, THEREFORE, BE IT RESOLVED, the National Conference of State Legislatures urges the United States Congress to swiftly pass and send to the President’s desk for enactment the Synthetics Trafficking and Overdose Prevention Act (“The STOP Act”), which would require advance electronic data screening of all inbound shipments to the United States to facilitate identification and interception of illegal synthetic drugs and chemicals, and other dangerous, counterfeit or illicit goods.
WHEREAS, the 1967 Bellas Hess and the 1992 Quill Supreme Court decisions denied states the authority to require the collection of sales and use taxes by out-of-state sellers that have no physical presence in the taxing state; and

WHEREAS, the combined weight of the inability to collect sales and use taxes due on remote sales through traditional carriers and the tax erosion from electronic commerce threatens the future viability of the sales tax as a stable revenue source for state and local governments; and

WHEREAS, a report from the National Taxpayers Union has estimated that from 2015 to 2025 states will be unable to collect $340 billion in sales taxes that are owed from out-of-state purchases; and

WHEREAS, the Remote Transactions Parity Act is bi-partisan legislation that was introduced in the United States House of Representatives which authorizes each member state under the Streamlined Sales and Use Tax Agreement to require all sellers not qualifying for a small-seller exception to collect and remit sales and use taxes with respect to remote sales, and allows a state that is not a member state under the Agreement to require sellers to collect and remit sales and use taxes with respect to remote sales sourced to such state if the state adopts and implements certain minimum simplification requirements; and

WHEREAS, unlike federal proposals, such as the Online Sales Simplification Act (OSSA), which would determine a product’s taxability based on the location of the seller, the Remote Transactions Parity Act does not preempt or impose new requirements on states that choose not to comply with the legislation’s requirements.
and simplifications; and

WHEREAS, unlike federal proposals, such as the Online Sales Simplification Act (OSSA), which would determine a product’s taxability based on the location of the seller, the Remote Transactions Parity Act does not: impose new taxes on consumers, fundamentally change how states raise revenue, establish tax havens, or jeopardize the viability of consumption taxes as a revenue source for states; and

WHEREAS, it has been over three years since the United States Senate overwhelming passed similar legislation, the Marketplace Fairness Act, yet the Remote Transactions Parity Act has not even received a hearing, despite the fact that it has 65 cosponsors and enjoys broad support in the committee of jurisdiction and congress; and

NOW, THEREFORE BE IT RESOLVED, that the National Conference of State Legislatures (NCSL) appreciates the leadership of U. S. Senators Richard Durbin (Ill.), Mike Enzi (Wyo.), Lamar Alexander (Tenn.) and Heidi Heitkamp (N.D.) for championing this issue in the Senate; and

BE IT FURTHER RESOLVED, that the National Conference of State Legislatures opposes federal remote sales tax legislation that preempts the laws of states that choose to not comply with the legislation’s requirements; and

BE IT FURTHER RESOLVED, that the National Conference of State Legislatures opposes federal remote sales tax legislation that does not establish parity at the point of purchase, which is necessary to level the playing field between remote sellers and in-state businesses;
BE IT FURTHER RESOLVED, that the National Conference of State Legislatures opposes federal remote sales tax legislation that does not establish a destination sourcing tax regime, and

BE IT FURTHER RESOLVED, that a copy of this resolution be sent to the President of the United States and to all of the members of the 115th Congress.
WHEREAS, States have an interest in policies that preserve and encourage continued private investment to deploy broadband technologies, support small and minority businesses and entrepreneurs’ participation in the digital economy, and equip minority communities with the skills and education to take advantage of these technologies; and

WHEREAS, Wi-Fi spectrum in the 2.4 GHz band has become highly congested, especially in densely populated urban areas making it difficult for Wi-Fi providers to deliver the kinds and quality of service that consumers have come to expect and will only accelerate as the number of wireless devices continues to grow; and

WHEREAS, the 5 GHz band has enormous potential to support continued growth in unlicensed wireless services, including the next generation of Wi-Fi which will create a platform for technological innovation, investment, and economic growth; and

WHEREAS, the Federal Communications Commission acknowledges the critical role that next generation Wi-Fi technologies can have on consumers and has agreed to take a first step in the 5 GHz band by adding over 100 MHz of spectrum for Wi-Fi, making it available for indoor and outdoor use; and

WHEREAS, Wi-Fi is essential to unleashing the enormous economic potential of the internet in communities where broadband adoption lags; and

WHEREAS, while according to the Pew Research Center more Americans are gaining access to broadband in their homes, adoption rates for African Americans and Latinos still lag those of whites by 13 to 20 percentage points respectively and, when
accounting for income, only 54 percent of those with a household income under $30,000 had high speed broadband or a computer at home, increasing the importance of Wi-Fi for these communities; and

WHEREAS, broadband access through Wi-Fi is critical to empowering minority and women entrepreneurs to develop, grow and improve productivity of their businesses as well as strengthening U.S. competitiveness nationally and worldwide; and

WHEREAS, unlicensed Wi-Fi is a critical issue that, if left unresolved, will hinder the broadband industry’s ability to grow, innovate and compete and limiting access to this important resource will jeopardize consumers’ ability to access Wi-Fi; and

WHEREAS, NCSL agrees that the proliferation of smartphones, tablets and other mobile devices with internet access has grown significantly, placing a greater demand on both licensed and unlicensed spectrum, and adding additional capacity is essential to support continued innovation and achieve the potential to transform many different areas of the American economy by providing a platform for innovation and is likely to have a substantial impact on jobs, growth and investment; and

WHEREAS, NCSL strongly believes that ensuring the long-term success of unlicensed services in the 5 GHz band for Wi-Fi will enable the broadband industry to provide reliable and affordable services to broadband customers, particularly given communities of colors’ high usage of mobile broadband technology as a primary means of connecting to the Internet with the majority of these connection now being Wi-Fi connections;

NOW, THEREFORE, BE IT RESOLVED, that NCSL supports the Federal Communications Commission’s move to allocate additional 5 GHz band spectrum for unlicensed use in order to meet increased demand for wireless technologies; and

BE IT FINALLY RESOLVED, that NCSL send a copy of this resolution to the President of the United States, Members of Congress, the Federal Communications Commission, State Legislatures and Governors.
COMMITTEE: THE COMMUNICATIONS, FINANCIAL SERVICES, & INTERSTATE COMMERCE

POLICY: RESOLUTION SUPPORTING INTELLECTUAL PROPERTY (IP) RIGHTS AND PROTECTIONS TO PROMOTE PRODUCTIVITY, COMPETITIVENESS AND JOBS

TYPE: RESOLUTION

WHEREAS, intellectual property (IP) rights and innovation are primary drivers of job creation and America’s economic growth; and

WHEREAS, over 45 million jobs are directly and indirectly supported by IP-intensive industries, according to the U.S. Department of Commerce 2016 report, as significant drivers of GDP, exports and wages in every state of the Union; and

WHEREAS, IP-intensive industries are responsible for $6.6 trillion in private sector output (GDP); and

WHEREAS, according to the U.S. Chamber of Commerce, the average worker in an IP-intensive industry earns 30 percent higher wages than those of non IP-intensive industries; and

WHEREAS, IP-intensive industries drive American exports accounting for approximately $1 trillion (74 percent of total U.S. exports); and

WHEREAS, given the important role that IP plays in sustaining a long-term economic growth, policymakers should give high priority to fostering innovation and protecting intellectual property; and

WHEREAS, protecting and enforcing the IP rights of businesses are critical to advancing global economic recovery, driving competitiveness and export growth, and creating high-quality jobs; and

WHEREAS, the National Conference of State Legislatures believes that widespread efforts to promote innovation and intellectual property protection are critical to improving
the nation’s long-term competitiveness in a global market, and to achieving certain socioeconomic improvements in the quality of American life;

NOW, THEREFORE, BE IT RESOLVED, that the National Conference of State Legislatures calls upon all levels of governments to work cooperatively with the private sector, nonprofits, and academia to create, develop and implement robust pro-IP awareness and enforcement; and,

BE IT FURTHER RESOLVED, the National Conference of State Legislatures supports efforts to ensure the Intellectual Property Enforcement Coordinator within the Executive Office of the President has sufficient staff, budget, and authority to fulfill the obligations and achieve the goals outlined in the Prioritizing Resources and Organization for Intellectual Property Act of 2008 (PRO-IP Act) and the National IP Strategy; and

BE IT FURTHER RESOLVED, the National Conference of State Legislatures support robust IP protection and enforcement provisions in trade agreements and their implementation; and

BE IT FURTHER RESOLVED, that the National Conference of State Legislatures supports existing efforts to shut down the top illegal rogue websites globally that are willfully selling counterfeit goods and facilitating digital theft; and

BE IT FURTHER RESOLVED, that a copy of this resolution be sent to the President of the United States and all members of the 115th Congress.
WHEREAS, digital goods and services are online purchases that are downloaded directly by, or services that are provided electronically to, consumers that can transcend numerous state and local boundaries across the United States; and

WHEREAS, the exponential growth of digital commerce has demonstrated the importance of digital products to the American economy. In 2009, consumers downloaded 2.5 Billion apps. In 2017, that number is expected to exceed 278 Billion. The revenue from digital commerce was approximately $18 Billion in 2012 and is expected to grow to $77 Billion in 2017 and projected to be as high as $100 billion in 2020; and

WHEREAS, state policymakers recognize that the continued deployment of broadband infrastructure and adoption of broadband services is vital to economic growth and participation in the global economy; and

WHEREAS, digital goods and services are a major driver of the rapidly growing 21st Century digital economy and as such, fair and rational tax policies are needed that will not impede the continued growth of this segment of the economy; and

WHEREAS, due to the complex nature of the way digital commerce is transacted, current state and local tax laws governing the taxation of sales transactions are outdated and ill equipped to address many of the issues that surface in taxing today’s “borderless” digital economy; and

WHEREAS, as state and local governments continue to seek to modernize their tax base to include various forms of digital commerce, doing so without establishing a national framework could potentially subject consumers to multiple states claiming the right to tax the same transaction or subject such transactions to discriminatory taxation...
at rates higher than the rates imposed on the in-state sales of similar goods or services; and

WHEREAS, establishing a national framework would clearly identify which state and local jurisdiction can tax a digital transaction, providing much needed certainty to consumers, providers required to collect such taxes and state and local governments seeking to tax such goods and services in a fair, uniform and rational manner; and

WHEREAS, establishing a national framework as set forth in the Digital Goods and Services Tax Fairness Act preserves state sovereignty as the decision to tax digital commerce or not remains solely with the states; and

WHEREAS, the Mobile Telecommunications Sourcing Act (P.L. 106-252) established uniformity in sourcing mobile telecommunications services for state and local tax purposes using similar concepts to those contained in the Digital Goods and Services Tax Fairness Act; and

WHEREAS, NCSL has worked with other state and local organizations as well as members of the Download Fairness Coalition to develop the principles contained in the legislation and is poised to assist states as needed in complying with the federal legislation; and

NOW, THEREFORE, BE IT RESOLVED, that the National Conference of State Legislatures urges Congress to pass the Digital Goods and Services Tax Fairness Act, in conjunction with or after consideration of the Remote Transactions Parity Act, to establish a national framework providing certainty and uniformity for state and local governments in the taxation of digital goods and services, while protecting consumers from multiple and discriminatory taxation and supporting the continued growth of the digital economy.
WHEREAS, wireless communication is a critical part of our everyday lives; and

WHEREAS, there were 395 million U.S. wireless subscriber connections in 2016 representing more than a 4.7% increase from 2015 connections and almost 18 million net add year over year; and

WHEREAS, demand for wireless service and bandwidth continues to soar as U.S. consumer data usage continued to climb in 2016 with over 13.72 trillion megabytes (MBs) of data used, 1.66 trillion text messages exchanged, and 277.9 billion MMS messages; and

WHEREAS, the U.S. wireless ecosystem continues to be the recognized global leader in the deployment and adoption of 4th Generation (4G) technology; and

WHEREAS, the U.S. wireless industry is preparing for the deployment of 5th Generation (5G) technology that will unleash further innovation in the agricultural, education, energy, finance, health care, public safety, and transportation sectors; and

WHEREAS, Ericsson forecasts nearly 29 billion connected devices by 2022, including around 18 billion related to Internet of Things (IoT) which will ultimately necessitate wireless carrier network upgrades; and

WHEREAS, U.S. cities are looking to use wireless technology to introduce “Smart City” solutions by employing information and communications technology to improve the efficiency of government services, including transportation and traffic management, public safety, lighting and energy usage, and water and waste management; and

WHEREAS, U.S. wireless carriers continuously strive to buildout their networks to keep
pace with the ever-increasing demand for mobile broadband services, including more
than $203 billion to improve their coverage and capacity and better serve Americans,
with $26.34 billion invested in 2016 alone; and

WHEREAS, the wireless industry’s deployment of network facilities is evolving to meet
the demands of the future and therefore includes the use of more small cell or micro-cell
equipment; and

WHEREAS, the deployment of wireless infrastructure using both micro cell and macro
cell wireless facilities is contingent upon approval by local governments; and

WHEREAS, the streamlining of the permitting process for all wireless facilities would
greatly enhance the deployment of such facilities; and

WHEREAS, access to public rights-of-ways for the placement of wireless facilities will
enhance broadband deployment and provide additional resources to both state and
local governments for a variety of services; and

WHEREAS, in 2009, the Federal Communications Commission promulgated
regulations, subsequently upheld by the U.S. Supreme Court, that defined timeframes
for state and local action on wireless facilities siting requests, while preserving the
authority of states and localities to make the ultimate determination on local zoning and
land use policies; and

WHEREAS, in 2012, the President of the United States signed the “Middle Class Tax
Relief and Job Creation Act,” which prohibits state and local governments from denying
eligible wireless facilities' requests to modify existing wireless towers or base stations if
the modification does not substantially change the dimensions of the facility; and

WHEREAS, more than 24 states have recently enacted legislation to assist in
expediting the placement of both macro and micro wireless facilities, including the
enforcement of the Federal Communications Commission's application processing
timelines;

NOW, THEREFORE, BE IT RESOLVED, that in order to avoid federal preemption,
NCSL encourages states to provide regulatory certainty for the deployment of wireless facilities, including micro-cell infrastructure, by streamlining local jurisdiction application processes, allowing access to public rights-of-ways, and adopting a fair fee structure;

and

**BE IT FURTHER RESOLVED**, that NCSL encourages wireless carriers to work cooperatively with all levels of government to modernize laws and regulations in order to facilitate the deployment and timely placement of wireless facilities while maintaining proper local authority over the siting of such facilities.