Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Reed, Bruce & Echaveste, Maria to the President re: White House Conference on Hate Crimes [partial] (3 pages)	11/06/1997	P5 4222

COLLECTION:

Clinton Presidential Records
Speechwriting
Jordan Tamagni
OA/Box Number: 14669

FOLDER TITLE:

Hate Crimes [2]

Eric Holzer
2006-0468-F
eh563

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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General Holder);
5. Hate Crimes in Public and Private Housing (Secretary Cuomo);
6. Community Responses to Hate Crimes (Secretary Glickman); and
7. Counteracting Organized Hate (Secretary Slater).

Following the breakout sessions, the Attorney General will host a panel, consisting of the six other moderators of the breakout groups. This panel discussion will highlight the issues and ideas that surfaced during the breakout sessions. Following the panel discussion, the Attorney General will make concluding remarks.

Satellite Sites. People at approximately 45 satellite sites across the country will view your remarks and the morning panel discussion. The satellite hosts have planned customized programs for the afternoon to complement the morning program. Some members of your Race Advisory Board are participating in the programs occurring at the satellite sites.

Policy Announcements to be Made at the Conference

We recommend that you make the following policy announcements, which focus on the expansion of the federal hate crimes legislation, the improvement of law enforcement mechanisms to fight hate crimes, and the dissemination of educational materials on this issue.

Legislation. You can announce the Administration's support for legislation to expand the principal federal hate crimes statute. The law currently prohibits hate crimes only on the basis of race, color, religion, or national origin. Your proposed amendment would extend the law to prohibit hate crimes based on gender, sexual orientation, and disability. (To satisfy constitutional concerns, the law would require proof of interstate commerce in this new class of cases.) Senator Kennedy and Senator Spector are expected to introduce this legislation shortly after the Conference.

There is some concern that extension of the statute to gender-motivated hate crimes--which might lead to the inclusion of all rapes and sexual assaults--would greatly expand the number of cases requiring investigation by federal agents. In order to address this concern, the Administration supports several limiting principles that would reduce the number of cases actually investigated and prosecuted by the federal government. Guidance to federal investigators and prosecutors, for example, might suggest investigation and prosecution of gender-motivated hate crimes only in cases that appear to involve the most egregious evidence of gender-based bias. In addition to rebutting charges that the proposed amendment would lead to the federalization of much "ordinary" crime, such guidance also would greatly reduce the cost associated with federal enforcement. (Given the low probability that this amendment will pass this year -- as well as a fair degree of confidence that, if necessary, DOJ can enforce it with existing resources -- DOJ is not requesting any funds in 1999 to implement this legislation.)

Enforcement. We also recommend that you announce a package of law enforcement proposals, including:

- Creation of a Network of Local Hate Crime Working Groups. Under this proposal, each U.S. Attorney would either establish a local hate crime working group in his or her district, or if such a body already exists, actively participate in the group. These working groups--essentially federal-state-local partnerships-- would include representation from the U.S. Attorney's office, the FBI, state and local law enforcement, state and local prosecutors' offices, and advocacy groups. In addition to addressing law enforcement strategies, the groups would seek to educate the public about hate crimes. A National Hate Crimes Working Group, located at the Main Justice, would coordinate the work of all the working groups across the country. As part of this coordinating function, the National Hate Crimes Working Group would distribute, on an ongoing basis, information on promising practices.

- Additional FBI Agents for Hate Crimes Enforcement. This proposal involves assigning over 40 FBI agents and prosecutors to the task of hate crimes enforcement. OMB and Justice are currently discussing whether Justice needs additional monetary resources to effect this policy. (The cost of the agents and prosecutors is approximately $4 million; DOJ has asked for about $13 million in FY99 for hate crimes/civil rights activities.) We plan to try to avoid this budgetary issue by simply saying that the amount of additional resources required, if any, will be settled in the normal budget process.

- Hate Crimes Training for Law Enforcement. DOJ has developed a model law enforcement training curriculum on hate crimes that can be incorporated into programs at local and state law enforcement training centers. This curriculum includes three course segments -- one for law enforcement officers, one for investigators, and one for others in the law enforcement field. You can direct DOJ to make this curriculum available for use across the country in 30 days.

- Make 'em Pay Initiative. HUD has developed an initiative to assist victims of hate crimes and discrimination in housing to seek monetary damages from the perpetrators. HUD has created a unit that will bring civil suits on behalf of residents of public and private housing who have suffered hate crimes and other discrimination. This initiative will require no new money.

- Improved Reporting of Hate Crimes Statistics. The National Crime Victimization Survey is an annual survey conducted by the Department of Justice's Bureau of Justice Statistics to measure levels of crime through a national sampling of victims of crime. At present, it does not include questions about hate crimes. Beginning in 1998, the Department of Justice will include questions related to hate crime in NCVS. The survey will inquire whether the victim believes the incident was bias-motivated and why. (The Government currently does attempt to gather hate crimes statistics, but by a notably less effective mechanism.) Expanded questioning regarding hate crimes will also be a part of a pilot project to take place next spring to improve the NCVS.

Education. You can also announce two new educational initiatives. First, the Departments of Justice and Education have proposed a manual for educators on preventing youth hate crime that encourages schools to confront hate-motivated behavior among students; promotes development of comprehensive, programmatic responses to prejudice and violence; and makes educators aware of resources that can be used for this purpose. The Departments intend to send this resource guide to every school in the country. Second, the Department of Justice has created a new website, "Hateful Acts Hurt Kids," addressing prejudice, discrimination, and related issues in an interactive, graphic format designed for children in kindergarten through fifth grade, as well as their parents and teachers. This site will be available for viewing at the Conference.

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Reed, Bruce et al. to the President re: New Initiatives on Discretionary Side of Budget (7 pages)	12/15/1997	P5 4223
002. notes	Jeffrey Smith to Jordan Tamagni, re: notes on the 1:30 p.m. draft; contains home phone number. (partial). (1 page)	n.d.	P6/b(6)
003a. memo	Gibbons to Verveer, re: who from S&T should sit with the FLOTUS at S.O.U.; contains phone number on back side of page. (partial) (1 page)	01/20/98	P6/b(6)
003b. background info	Background information for drafting of speech on advances in science and technology; contains phone number in the margin. (partial). (1 page)	n.d.	P6/b(6)
004. draft	Waldman to Smith, re: Science Section - Gifts to the Future; contains phone number. (1 page)	01/24/98	P5, P6/b(6)

COLLECTION:

Clinton Presidential Records
Speechwriting
Jordan Tamagni
OA/Box Number: 14670

FOLDER TITLE:

[Technology Event/San Francisco 2/26/98] Internet Event/Calif. 2/26/98 [2]

Eric Holzer
2006-0468-F
eh88

RESTRICTION CODES

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December 15, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Gene Sperling
Elena Kagan

SUBJECT: New Initiatives on Discretionary Side of Budget

OMB is working on finding an additional $6 billion for discretionary spending. Within that constraint, the NEC and DPC ahve agreed on allocations that OMB has signed off on. While you may find that Department appeals call for decreasing the funds for new initiatives, we wanted you to see how your White House budget team would allocate funds under these constraints.

We already have given you detailed memos on most of these initiatives. If you approve the initiatives, you can announce any or all of them in the State of the Union.

Because so many of the new initiatives involve education, we are attaching an appendix to this memo that shows recommended funding levels for the Department of Education's major base programs.

Education

1. **Education Opportunity Zones ($225 million):** This initiative will provide funding to about 25 high-poverty urban and rural school districts for agreeing to adopt a "Chicago-type" school reform agenda that includes ending social promotions, removing bad teachers, reconstituting failing schools, and adopting district-wide choice.

2. **College-School Partnerships ($150 million):** This initiative, which builds on Eugene Lang's model of helping disadvantaged youth, will provide funding for college-school partnerships designed to provide mentoring, tutoring, and other support services to students in high-poverty schools, starting in the sixth grade and continuing through high school. The six-year funding path would provide help to nearly 2 million students. It will also include Chaka Fattah's idea of early notification to disadvantaged 6th graders telling them of their Pell Grant and loan eligibility.

3. **Campaign on Access to Higher Education ($20 million):** This initiative will fund an intensive publicity campaign on the affordability of higher education. The goal of the campaign will be to make every family aware that higher education is now universally accessible -- and that it is the key to higher earnings. As part of this effort -- and to complement the college-school

partnership program described above -- we will provide families at high-poverty middle schools with an official notification of the $20,000 or more that is already available for their children to go to college.

4. Teacher Recruitment and Preparation ($67 million): This initiative, which you previewed last July at the NAACP Conference, will provide scholarships to nearly 35,000 new teachers over five years for committing to work in high-poverty urban and rural schools. It also will upgrade the quality of teacher preparation programs serving these communities.

5. Technology Teacher Training ($222 million): This initiative increased the Technology Literacy Challenge from $425 million to $475 million and then dedicates 30 percent of the Technology Literacy Challenge Fund to ensure that at least one teacher in every school receives intensive training in the use of technology for education, so that they can train their colleagues. An additional $80 million will begin an effort to train every *new* teacher in the latest technology.

6. Hispanic Education Action Plan -- ($195 million or more): This initiative will increase funding for a number of existing programs to improve education for Hispanic Americans and other limited English proficient (LEP) children and adults. It would double our investment in training teachers to address the needs of LEP children; boost the Migrant Education Program by 16 percent; increase the TRIO college preparation program by 10 percent; and create a 5-year, $100 million effort to disseminate best practices in ESL training for adults. We would accompany these program increases with administrative actions to help Hispanic students complete high school and succeed in college.

<u>**Child Care**</u>

We recommend placing most of the child care initiative -- in particular, the proposed increase in the Child Care and Development Block Grant and the establishment of a new Early Learning Fund -- on the mandatory side of the budget. The smaller pieces of the initiative that we propose placing on the discretionary side are the following:

1. After-School Program Expansion ($150 million): This program expansion will increase funding of the 21st Century Community Learning Center Program (now funded at $40 million) for before- and after-school programs for school-age children at public schools. Depending on the exact funding level chosen, this investment will create new programs in 1,500-4,000 schools.

2. Standards Enforcement Fund ($100 million): This new fund will support state efforts to improve licensing systems and to enforce health and safety standards, particularly through unannounced inspections of child care settings. The fund also will enable states to issue report cards, for use by consumers, on the quality of the facilities inspected.

3. Provider Training ($51-60 million): A new Child Care Provider Scholarship Fund, which you proposed at the Child Care Conference to fund at $50 million annually, will support 50,000 scholarships each year to students working toward a child care credential. The students will commit to remaining in the field for one year for each year of assistance received, and will earn increased compensation or bonuses when they receive their credential. An additional $1-10 million will allow the Department of Labor to expand its Child Care Apprenticeship Training Program, which funds providers combining work toward a degree with on-the-job practice.

4. Research and Evaluation Fund ($10-30 million): This new fund will provide grants for research projects, establish a National Center on Child Care Statistics, and set up a national child care hotline.

5. Paid Leave Demonstration Fund ($10 million): This small evaluation and demonstration fund will support communities and organizations that are testing and/or studying innovative approaches to providing financial assistance to parents who wish to stay home with their newborns.

6. Head Start and Early Head Start Expansion ($334 million): This level of increased investment in the overall Head Start budget should permit doubling the set-aside for Early Head Start without reducing the resources available for children 3-5. The doubled set-aside would enable more than 35,000 additional children to receive Early Head Start services in 2002.

<u>Welfare, Housing, Urban</u>

1. Welfare-to-Work Housing Vouchers ($283 million): This initiative will provide 50,000 new housing vouchers to help welfare recipients in public housing who need to move in order to find employment. HUD will distribute these vouchers on a competitive basis to public housing authorities working with local TANF agencies and/or grantees of the new $3 billion welfare-to-work program.

2. Housing Portability/Choice ($20 million): In addition to the new welfare-to-work housing vouchers discussed above, our proposed package on housing portability and choice expands Regional Opportunity Counseling sites and takes administrative actions to eliminate obstacles to portability in the Section 8 housing program.

3. "Play-by-the-Rules" Homeownership Proposal ($30 million): This initiative would enable the Neighborhood Reinvestment Corporation to assist approximately 10,000 families who have a perfect track record of paying their rent on time become homeowners. This initiative will help families become homeowners through downpayment assistance, interest rate buydowns, or rehabilitation loans.

4. Homeownership Opportunity Fund ($11 million): This initiative will allow HUD to develop a loan guarantee program to allow state and local governments to leverage current HOME funds with private-sector investments to fund large scale, affordable housing developments in distressed communities.

5. Community Empowerment Fund ($400 million): This initiative establishes a public/private fund ("Eddie Mac"), which will invest in inner-city businesses and create a secondary market for economic development loans (like Fannie Mae).

Raise FHA Loan Limit (*Raises* $150-$200 million): The budget currently includes this proposal to raise the FHA loan limits, helping more middle-income Americans get home mortgages which have low downpayment requirements. The first $150 million of revenue raised through this proposal would be used to pay for Round II of Empowerment Zones.

Homeless Assistance The budget currently includes a substantial increase in homeless assistance of approximately $341 million (above FY98). This includes $177 million to help 32,000 homeless receive Section 8 vouchers.

Homeownership Voucher Initiative (No Cost): The budget will include our proposal to allow Section 8 vouchers to be used for homeownership. This proposal was originally included in our Public Housing Reform bill. You should know that Freddie Mac has already agreed to purchase up to 2,000 of these Section 8 voucher mortgages from lenders -- secondary market participation is essential to reassure, and therefore, recruit lenders. The downpayment for these mortgages would be set at 3 percent, to allow low and very-low income families to participate.

Fair Lending (No Cost): As described in previous memos, we are working on a fair-lending initiative which has no budgetary impact. The proposals being developed by an interagency working group include, for example, (1) an examination of the impact of credit scoring and risk-based pricing on the availability of credit/capital to lower-income and minority individuals; (2) a Presidential call to obtain more data on reasons for home mortgage loan denials; and (3) collection of race and income data as part of the CRA small business lending report requirement.

Fair Housing: The budget provides an additional $8 million for enforcement which will help HUD meet the goal of doubling Fair Housing Enforcement actions. The budget also includes $10 million for a new system of Metropolitan Area Testing to root out the vestiges of housing discrimination.

<u>**Labor and Workforce**</u>

1. Child Labor ($89 million): This initiative is anchored by a $30 million commitment -- up from $3 million -- to the International Program on the Elimination of Child Labor (IPEC). The initiative also will include funding to improve Customs Service enforcement of U.S. law banning the import of goods made with forced or bonded child labor ($3 million) and to double the

Department of Labor's enforcement of child labor laws in the agricultural sector ($4 million). Finally, the initiative will provide additional funding to the Migrant Education Program so it can reach 50,000 more migrant children ($50 million). We are developing non-budget items to fill out the package.

2. Community Adjustment ($50 million): This initiative will fund the creation of the Office of Community and Economic Adjustment (OCEA), which we proposed as part of the Fast Track debate. As you know, this office will be modeled after the Defense Department's Office of Economic Adjustment -- the Administration's first point of contact with communities experiencing a military base closure or defense plant closing. We expect the Office to help 35-40 communities in its first year of operation. The initiative also will fund a variety of other efforts to assist communities that face sudden and severe economic dislocation.

Health

1. 21st Century Trust Fund ($1 billion): This initiative will provide substantial additional funding to NIH ($750 million) and NSC ($250 million), ramping up substantially over time, for research activities, including into the treatment and cure of diseases. We will provide you with a separate memo on this initiative in the next day or two. Funding for this initiative will come from comprehensive tobacco legislation.

2. AIDS Programs Expansion ($165 million): A funding increase for the Ryan White Program of about 15 percent will go principally toward ADAP, to ensure that new and effective treatments of AIDS reach those who need them. Some of the funds will support education and prevention programs operated by states, cities, and community health centers, as well as by the CDC.

3. Racial Disparities in Health Care ($80 million): This initiative will address racial disparities in six areas of health care: infant mortality, breast and cervical cancer, heart disease and stroke, diabetes, AIDS, and immunization. The proposal includes additional funding ($50 million) to established public health programs to adapt and apply their prevention and education strategies to eliminate racial disparities. It also includes funding ($30 million) for thirty local pilot projects to test innovative approaches to reach this goal.

Crime

1. Community Prosecutors ($50 million): This initiative will provide grants to prosecutors for innovative, community-based prosecution efforts, such as Eric Holder adopted in the District of Columbia. A fill 80 percent of the grants will go to pay the salaries and training costs associated with hiring or reassigning prosecutors to work directly with community residents.

Race

A number of the above proposals -- e.g., education opportunity zones, university-school partnerships, housing vouchers -- can be presented as part of the race initiative, because they target predominantly minority areas or provide disproportionate benefits to members of minority groups. Other proposals described above -- the Hispanic dropout plan and the race and health initiative -- have obvious and explicit race connections. In addition:

1. Civil Rights Enforcement ($68 million): This initiative will fund reforms to the EEOC and the civil rights offices at DOJ, HUD, HHS, Education, and DOL. Most importantly, additional funding of $37 million will allow the EEOC to expand its mediation program (allowing more than 70 percent of all complainants to choose mediation by the year 2000), increase the average speed of resolving complaints (from over 9 months to six) and reduce the EEOC's current backlog (from 64,000 cases to 28,000). The initiative also will fund a dramatic expansion of HUD's civil rights enforcement office (in the 30th anniversary year of the Fair Housing Act) and improve coordination among the government's civil rights offices. We are preparing a number of non-budgetary administrative actions, especially involving fair housing and lending, to accompany our budget proposals in this area.

Appendix -- Education Base Programs

Withdrawal/Redaction Sheet
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Magaziner, Ira C. to Podesta, Johhn & Gips, Don re: Late February Silicon Valley Speech (3 pages)	02/10/1998	P5
002. memo	Rubin, Robert E. to Waldman, Michael re: National Governors' Association Meeting (2 pages)	02/18/1998	P5
003a. memo	Caplan, Phil to the President re: [Internet Tax Freedom Act] (1 page)	02/17/1998	P5 4224
003b. memo	Sperling, Gene et al. to the President re: Internet Tax Freedom Act (Cox-Wyden Legislation) (4 pages)	02/06/1998	P5 4225

COLLECTION:

Clinton Presidential Records
Speechwriting
Jordan Tamagni
OA/Box Number: 14670

FOLDER TITLE:

[Technology Event/San Francisco 2/26/98] Internet Event/Calif. 2/26/98 [1]

Eric Holzer
2006-0468-F
eh567

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THE PRESIDENT HAS SEEN
2-17-98

What's the answer
to the Secretary's proposal on
that was never briefly p'ted for
4 Bean etc.

THE WHITE HOUSE
WASHINGTON

February 17, 1998

MR. PRESIDENT:

The attached memo from Gene Sperling, Mickey Ibarra and Larry Summers seeks your approval of a plan to take a more active posture on pending "electronic commerce" legislation -- without such support, the bill will likely die.

Background. The Internet Tax Freedom Act provides for a study process (including a Commission that you would appoint) to develop recommendations for permitting e-commerce to develop free of various state and local taxes. Last summer, Larry Summers testified in favor of the bill's goals and principles, but stopped short of endorsing it. The hi-tech industry strongly supports the bill and Big 7 state and local groups (NGA, Conf. of Mayors, et al) oppose it. Earlier this month, we proposed to the Big 7 that we work jointly on a bill to address their concerns; they declined hoping they can kill the bill but want to keep talking with us.

Options. Two are presented, but there is no support among your advisors for the second. **Option A** recommends that the Administration actively support the bill while continuing to solicit state and local views. *Pros:* opportunity to take credit for an anti-tax initiative beneficial to e-commerce; good public policy for developing technology. *Cons*: Big 7 groups won't be happy, but will likely have to work with us as the bill progresses. In the end, only a veto will satisfy them. **Option B** is to continue supporting the goals of the bill without endorsing it, but this strategy could kill the bill at this point.

John Podesta and *Larry Stein* also support Option A.

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Sperling
Ibarra
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COS

___ Agree with Option A   ___ Disagree   _✓_ Discuss

Phil Caplan Phil

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2-17-98

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THE WHITE HOUSE

WASHINGTON

February 6, 1998

MEMORANDUM FOR THE PRESIDENT

From: Gene Sperling GBS
Director, National Economic Council

Mickey Ibarra
Director, Intergovernmental Affairs

Lawrence H. Summers
Deputy Secretary of the Treasury

Re: Internet Tax Freedom Act (Cox-Wyden Legislation)

ACTION FORCING EVENT

Congress is currently considering legislation (The Internet Tax Freedom Act, S. 442, H. 1054) introduced by Senator Ron Wyden (D- OR) and Congressman Chris Cox (R- CA) to impose a moratorium on new or discriminatory state taxation of the Internet. The legislation provides for a study process to develop policy recommendations and is aimed at permitting electronic commerce to develop free of distortionary taxes imposed by myriad jurisdictions. It is based on principles set forth in a Treasury policy paper, in the July 1, 1997 *Framework for Global Electronic Commerce* and in your Presidential Memorandum on electronic commerce and is consistent with the position we have taken in international discussions.

Industry, not surprisingly, strongly supports the bill. Earlier this year, seven CEOs belonging to the Computer Systems Policy Project, including Lou Gerstner of IBM, Lew Platt of Hewlett Packard and Lars Nyberg of NCR met with Secretary Rubin and Deputy Secretary Summers to urge full support.

anti argument

State and local groups such as the National Governors' Association, the US Conference of Mayors, NACO, the National League of Cities as well as elected officials, however, strongly oppose the bill as usurping their ability to tax (though officials from high tech states such as Governors Wilson, Pataki and Cellucci support it.) Opponents have been slow to identify specific problems that might be fixed but cite lost sales tax revenues if on-line sales cut into store sales that would generate taxes. They are concerned that while consumers are liable for taxes on mail-order sales, those taxes are rarely collected. State and local groups have said that the legislation "will lead to Main Street stores and small businesses ... across America being forced to close due to the discriminatory impact of a sales tax levied only on retail stores, not their Internet competitors." In view of the federalism issue, last summer, Deputy Secretary Summers testified in favor of the bill's goals and principles but stopped short of endorsing it. Earlier this month, he proposed to the Big Seven state and local organizations that we work jointly on a bill that addresses their concerns. They declined the offer while suggesting that we continue to talk. The Big Seven rejected the offer because they believe that they can continue to delay or kill the legislation, and are not motivated to work with us until it is absolutely necessary.

On November 4, 1997, the Senate Commerce Committee reported out a bill. We understand that the Senate will wait for the House. Our active support is likely to help the bill and satisfy high tech proponents while withholding support would partially satisfy state and local groups. Your guidance is sought on whether to take a more active position in support of the bill and therefore take credit for its passage or continue to maintain a low profile. A strong announcement of support early this session would probably carry the most weight. IGA would prefer that we wait until mid-March, to avoid needlessly antagonizing the Big Seven groups, who will be having meetings in February and early March.

OPTIONS

A. Actively support the legislation while soliciting state and local views in order to address any flaws and legitimate concerns

This option will give us the opportunity to take credit for an anti-tax initiative that will be beneficial to the development of electronic commerce. From an economic point of view, preventing new taxes on a network that provides so many public benefits is good policy. The Senate version has been improved to where Treasury's Office of Tax Policy now feels we can support it, though some technical and substantive problems remain. This option will initially increase pressure from state and local opponents. However, as the legislation moves forward, opponents are likely to increasingly value our offer to use our offices to address their remaining concerns.

B. Continue current posture (support goals and principles without endorsing legislation)

This option while frustrating high tech proponents would initially do more to satisfy state and local concerns and might lead to the bill's failing to pass. However, if the bill passes in its current form, anything short of a veto will still upset state and local opponents. If we take a lower profile, we will also have less influence to improve the bill.

RECOMMENDATION: Your economic and political advisors (Treasury, Commerce, NEC, IGA, OMB, and Ira Magaziner) recommend Option A. They believe this legislation will foster electronic commerce which is emerging as an important engine of growth while preserving our ability to address the legitimate concerns of state and local governments. Withholding support may cause the legislation to fail, or if it passes anyway, subject us to strong pressure to veto a bill that we believe merits support.

__ Agreed __ Disagreed __ Let's Discuss

BACKGROUND AND ANALYSIS

The Internet Tax Freedom Act would permit states to continue to collect existing, non-discriminatory taxes but imposes a moratorium on new or discriminatory ones and calls for a study process. Both bills call for you to appoint a commission representing the states, industry and the Administration, which will then issue recommendations which you may submit to Congress. The current Senate version of the bill ends the moratorium in approximately five years on January 1, 2004, which we think is appropriate.

The Administration's Actions So Far

Treasury first set forth the principle of tax neutrality for the Internet at the international level in its paper, *Selected Tax Policy Implications of Global Electronic Commerce*, released in November 1996. That goal was adopted by the sponsors of this legislation.

Deputy Secretary of the Treasury Summers testified last summer in favor of the goals and principles of the legislation but, at that early stage, stopped short of endorsing it. In his testimony, he set forth three guiding principles: first, that commercial activities conducted by means of the Internet should not be subjected to new or discriminatory taxes; second, that the Internet should not become a tax haven; and third, that we should be highly sensitive to concerns about federalism. In short, we supported technology neutral, non-discriminatory, taxation of electronic commerce that preserved the state and local tax base. The goal of tax neutrality was then incorporated in the July 1, 1997 paper, *A Framework for Global Electronic Commerce* and included in your July 1, 1997 Presidential Memorandum on electronic commerce. We have adhered to this principle in international and domestic tax policy discussions.

Efforts to Address State and Local Concerns

With the exception of officials in high tech states such as Governors Pataki, Wilson and Cellucci, most state and local officials oppose the legislation on the grounds that it inappropriately restricts their right to tax. They are particularly concerned that rapid growth in electronic commerce will come at the expense of store sales and, if treated like mail order sales for tax purposes, will cut into sales tax revenues. In fact the bill is silent on whether neutrality means neutrality with store sales where merchants must collect "sales tax" or neutrality with mail order sales where consumers owe "use tax" but merchants are not required to collect them. Nor does it address the thorny issues of "nexus" or where the sale takes place for tax purposes.

As a practical matter, states will face the problem of how to collect tax on out-of-state Internet sales whether the bill passes or not. The bill, as written, neither worsens nor solves their problem. Attempting to solve it would probably mean addressing the complex issue of mail order taxation. Recently, a proposed deal between the Direct Marketing Association and several large states on the mail order issue fell apart after strong negative reaction from mail order customers.

Since legislation was introduced, Treasury officials have met with the Multi-state Tax Commission, the Big Seven group of state and local organizations representing elected officials, and others to address specific concerns. While state officials generally expressed more interest in killing the bill than in identifying specific problems with the language of the bill, Treasury did communicate specific suggestions we received, as well as our own concerns, to drafters who incorporated most of them in the Senate bill. In January, Deputy Secretary Summers made an offer to representatives of the Big Seven state and local organizations to work jointly on a bill addressing the states' larger remaining concerns. However, after some consideration, they turned this offer down, preferring to work with Congress directly.

One idea that opponents have often raised is to flip the burdens of the bill around to ban specific taxes during the moratorium rather than all taxes except those carved back in. This approach would require industry to identify taxes it opposes rather than requiring the states to identify taxes they wish to impose. However, Treasury believes that since states and municipalities best understand state and local tax issues, they are better positioned than industry to identify which taxes should be permitted. We have not stated a position publicly and we could refrain from expressing a view.

Other ideas opponents have raised include grandfathering all existing taxes and shortening the moratorium. The bill already grandfathers some taxes. Treasury's Office of Tax Policy believes that if the moratorium is significantly shortened, taxing authorities may choose to simply wait it out rather than actively engage in the study process. Moreover, shortening the moratorium may leave insufficient time for the study process to be effective.

Legislative History

The bill was held up for many months by Senator Ted Stevens (R- AK) over his desire, unrelated to the tax aspects of the bill, to require the FCC to revisit requiring Internet Service Providers to pay into the Universal Access Fund. On November 4, 1997, the Senate Commerce Committee reported out the bill by a strong vote of 14 to 5. A request by the Senate Finance Committee to review the bill sequentially is being considered by the Parliamentarian but a previous request was denied. The next action is likely to occur in the House where Chris Cox believes supporters can move the bill out of the Commerce and Judiciary committees.

In December 1997, Republican governors raised their concerns about the legislation to the Congressional leadership. This has led to a dialog between Governor Leavitt (R- UT), the governors' point person on this issue, and Congressman Cox on how to move forward. Cox is considering the states' proposal to redraft the bill to declare a moratorium on specific taxes rather than all taxes except permitted ones. Industry has so far resisted this approach. The Senate is likely to move the bill to the floor only after it is reported out in the House.

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Emanuel, Rahm to the President re: Crime Speech (1 page)	12/01/1997	P5 4226

COLLECTION:

Clinton Presidential Records
Speechwriting
Jordan Tamagni
OA/Box Number: 14669

FOLDER TITLE:

Crime Issues

Eric Holzer
2006-0468-F
eh560

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

12-5-97

THE WHITE HOUSE

WASHINGTON

December 1, 1997

MEMORANDUM TO THE PRESIDENT

FROM RAHM EMANUEL

SUBJECT CRIME SPEECH

Attached are two memos that Mark Kleiman prepared on crime and drugs. As I mentioned in my weekly report last week, I believe that you should deliver a speech outlining our efforts on the issues of crime and drugs. The speech would not put forth specific initiatives or policies but mark your overall philosophy based on what we have learned fighting these issues over the past five years. I think that the speech should be intentionally controversial. It should attack both the left and the right and should be written to create a debate on the issues of crime and drugs.

If you agree I can begin to work on getting a date on the schedule for such a speech.

Copied
Emanuel
COS

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION	
001a. memo	Reed, Bruce & Ruff, Charles to the President re: Police Brutality (1 page)	03/05/1999	P5	4227
001b. draft	Police Abuse and Misconduct Policy Announcements [Initial Proposals] (2 pages)	n.d.	P5	
002. memo	Johnson, Ben to the President and Vice President re: Office on the President's Initiative for One America Weekly Report (March 1-March 5) (2 pages)	03/05/1999	P5	4228
003. email	Cerda III, Jose to Tamagni, Jordan re: Policy Description [partial] (1 page)	03/10/1999	P5	

COLLECTION:

Clinton Presidential Records
Speechwriting
Jordan Tamagni
OA/Box Number: 14669

FOLDER TITLE:

Gun Control 6/99

Eric Holzer
2006-0468-F
eh562

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
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THE PRESIDENT HAS SEEN
3-7-99

THE WHITE HOUSE
WASHINGTON

'99 MAR 5 PM5:27

March 5, 1999

MEMORANDUM FOR THE PRESIDENT

FROM Bruce Reed
Charles Ruff

RE: Police Brutality

We wanted to update you on our discussions regarding Hugh Price's letter to you on the issue of police brutality. Mr. Ruff met with Mr. Price, who believes -- along with many of the other civil rights advocates -- that you need to speak to this issue as soon as possible. Attached is a follow-up letter from Mr. Price suggesting some approaches to dealing with the issue. Key White House and Justice Department staff share this sense of urgency, and we also generally agree that it is important for you to focus on the constructive steps the Administration has taken and will take to root out police brutality and strengthen the bond between police officers and the communities they serve. Accordingly, we recommend the following:

(1) Use your radio address to bring together a group of civil rights advocates, mayors, police chiefs, and rank-and-file law enforcement organizations;

(2) Ask these leaders to work with you to make sure that the criminal justice system serves the needs of all Americans, and to make the system both fairer and more effective;

(3) Discuss new provisions to be included in your 21st Century Crime Bill that will help accomplish this, such as more and better police training, early warning systems to detect problem police, better educated police forces, improved efforts to recruit minorities, and a long-term commitment to strengthen community policing efforts across the country; and

(4) Direct the Attorney General to convene a meeting of representatives of the interested groups to examine ways of addressing the problem, identify cities that have had success, and recommend actions that the Administration can take.

Attached please find a brief description of initial proposals some of which you may want to consider supporting in such a radio address. Although these require further development -- and we have not yet consulted with any of the affected groups -- we thought you might be interested in our initial recommendations.

THE PRESIDENT HAS SEEN
3-7-99

THE WHITE HOUSE

WASHINGTON

'99 MAR 5 PM4:55

Copied
Johnson
Podesta

cc: Maria
Reed
Ruff

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: BEN JOHNSON

SUBJECT: OFFICE ON THE PRESIDENT'S INITIATIVE FOR ONE AMERICA WEEKLY REPORT (March 1 - March 5)

ACTIONS

US Civil Rights Commission: I spoke to Mary Frances Berry regarding the three new appointments to the Commission. According to Mary, you have one, Senator Daschle has one and the remaining appointment belongs to Congressman Gephardt. Senator Daschle is likely to use his slot to appoint he first Native American to the commission. Mary Berry has recommended to Congressman Gephardt that he appoint an African American to replace Judge Higgenbotham. She suggests you appoint a white woman (independent or Republican). We believe that when the Native American is appointed, we should have a swearing-in ceremony at the White House because it will be a historic first.

good

OK

OK

Police Misconduct and Racial Profiling: We participated in several meetings with other White House offices to discuss issues related to police misconduct and racial profiling. Additionally, we spoke with several current and former police officials including Lee Brown to get their opinion regarding what to do about the accusations being made by minority communities against some police departments. We also met with Hugh Price of the Urban League and spoke by phone with other civil rights leaders in an effort to show that we were sensitive to both issues. We expressed our willingness to work with them to bring resolution to the problem. The civil rights leaders have requested a meeting with you and have asked you to lend your voice against profiling and alleged police violence against minorities. We are working with DPC and the Counsel's office to determine next steps.

Hurry this along

Agency Participation: We attended the Agency Chiefs of Staff meeting to reiterate the One America goals of the administration and asked for their continued assistance. I requested their help in identifying agency programs that tie directly into closing the opportunity gaps between the races and asked them to recruit agency representatives to assist this office. They welcomed the idea of having One America speech inserts for Cabinet members and other Agency surrogate speakers. We expect to receive the inserts from Speech Writing in 10 days.

good

THE PRESIDENT HAS SEEN
3-7-99

recognize a new program created with the assistance of OCR that will allow graduates of PA community colleges to enter any SSHE institution as third-year-students. The state will also begin establishing programmatic links between Cheyney University and predominately white institutions.

Environmental Protection Agency

Environmental Justice Advisory Committee: On March 1-2, EPA's Environmental Justice Advisory Committee held its final meeting in Alexandria, VA. Under Title VI of the Civil Rights Act, EPA is required to ensure that minority communities are not disproportionately affected by pollution. Administrator Browner created the Committee to develop a plan to assist states in developing state permitting programs that would address environmental justice concerns while allowing for economic growth. Currently, most environmental justice concerns are resolved after a permit is issued by the state and an individual files a petition with EPA. The Committee's goal is to ensure that the concerns of minority communities are addressed early in the permitting process, thereby eliminating the need for a petition. The Committee soon will forward its recommendations for action to the Administrator.

Office of National Drug Control Policy

National Youth Anti-Drug Media Campaign Update: On Tuesday, March 9, nine minority contractors will meet at ONDCP to discuss current minority media issues and how to create better synergy between the advertising component and ethnic outreach efforts.

good – push this