

## Committee on Communications, Energy, And Public Utilities

### **CS/HB 809 — Communications Services Taxes**

by Finance and Tax Committee, and Rep. Grant and others (CS/CS/CS/SB 1060, by Budget Subcommittee on Finance and Tax; Community Affairs; Communications, Energy, and Public Utilities; and Senators Bogdanoff and Lynn)

The bill:

- Allows a dealer of communications services to exclude charges for any good or service that is exempt from the communications services tax, with specified exceptions, so long as those exempt items can be reasonably identified from the selling dealer's books and records;
- Provides that a dealer may be held liable for net aggregate underpayment of the tax, including interest and penalties, which is due as a result of assigning one or more service addresses to an incorrect local taxing jurisdiction if the dealer failed to use one or more of the specified methods for making such assignments and if:
  - the dealer's failure results in a net aggregate underpayment of the local communications services taxes with respect to one or more tax periods that are being examined by the department; and
  - the department has determined the misallocations between jurisdictions for all taxes levied and collected by the dealer with respect to any tax period being examined by the department;
- Creates the Communications Services Tax Working Group within the Department of Revenue to:
  - review national and state tax policies relating to the communications industry;
  - review the historical amount of tax revenue that has been generated by the communications services taxes for the purposes of determining the effect that laws passed in the past 5 years have had on declining revenues;
  - review the extent to which this revenue has been relied on to secure bonded indebtedness;
  - review the fairness of the state's communications tax laws and the administrative burdens it contains, including whether the applicability of the tax laws is reasonably clear to communications services providers, retailers, customers, local government entities and state administrators;
  - identify options for streamlining the administrative system;
  - identify options that remove competitive advantages within the industry as it relates to the state's tax structure without unduly reducing revenue to local governments; and
  - prepare a report addressing these issues and submit it to the Governor, the President of the Senate, and the Speaker of the House of Representatives by February 1, 2013.

If approved by the Governor, these provisions take effect July 1, 2012.

*Vote: Senate 39-1; House 115-0*