

Proposals Considered by the Communications Tax Reform Commission

The Commission considered three proposals offered by Commission members representing the wireless industry:

- Option 1: Reform the communications (telecommunications and pay-television) tax and fees structure by imposing the State sales tax on all communications services and increase the revenue base to satellite and internet-streamed TV and movies; repealing the Public Service Company Franchise Tax on landline telecommunications services; reducing the State and local tax rate on telecommunications property to the rate of other communications property; exempting the purchase of communications network equipment from the State sales tax; and phasing out all local communications taxes and fees over a four-year period.
- Option 2: Reform the telecommunications tax structure by imposing the State sales tax on all telecommunications services and modify the current tax and fee structure, as noted in Option 1, for the telecommunications industry only.
- Option 3: Does not make any changes to the local communications tax structure. Repeal the Public Service telecommunications property tax rates; exempt the purchase of communications network equipment from the State sales tax; and institute a lower tax rate to be applied to all companies, thereby reducing the tax rate on wireless companies.