

Telecommunications Sales Tax Rates and Taxability

Welcome to the Telecommunications Database

This bulletin provides important information about the June 2023 release of Telecommunications Rates and Taxability. Please review this bulletin carefully. If you have any questions or require more information, please call 1-800-739-9998. You can also submit a ticket at <http://support.cch.com/ticket> or use <http://support.cch.com/chat/salestax>.

New Taxes Added to the Database Effective June 2023

Nevada State 988 Surcharge

Pursuant to enacted legislation signed into law in June of 2021,¹ effective June 7, 2023, a new state **988** surcharge will be imposed in the state of Nevada. This surcharge will be imposed at the rate of 35 cents per month on each landline, wireless, and VOIP access line, as captured by Tax Type, Tax Cat 70/80.

To quote the codified statutory provision that establishes this surcharge:

“The State Board of Health shall adopt regulations to impose a surcharge on each access line of each customer of a company that provides commercial mobile communication services or IP-enabled voice services in this State in accordance with 47 U.S.C. § 251a and each access line or trunk line of each customer to the local exchange of any telecommunications provider providing those lines in this State.

Those companies and providers shall collect the surcharge from their customers and transfer the money collected to the Division pursuant to regulations adopted by the State Board of Health. The amount of the surcharge must be sufficient to support the uses set forth in subsection 2, except that the amount of the surcharge must not exceed 35 cents for each **access line** or **trunk line**.”²

Meanwhile, as per a set of draft regulations published by the Nevada Board of Health for the purpose of implementing this legislation:

“To sufficiently support the uses set forth in Section 5(2) of Senate Bill 390 (2021) and produce the revenue projected in the budget for the Division approved by the Legislature, a surcharge of 35 cents is imposed on the following, per month:

1. Each access line providing of stand-alone telephone service furnished to a residential customer;
2. Each access line of each customer of a company that provides commercial mobile communication services;
3. Each access line providing IP-enabled voice services; and
4. Trunk lines.”³

The same set of draft regulations adds:

¹ Nevada Senate Bill390 (2021).

² Nevada Revised Statutes § 433.708[1].

³ Proposed Temporary Regulation of the State Board of Health; Amendments to Nevada Administrative Code Chapter 433; Section 3.

"The companies and providers shall collect the surcharge as described in Section 3 each month from their customers and remit the money collected to the Crisis Response Account within the Division of Public and Behavioral Health or its designated agent in accordance with Funds Transfer Instructions/or Telecommunications Providers and subsequent sub regulatory guidance."⁴

NOTE: Given the fact that as per Section 3 of the Draft Regulations the new surcharge is being limited to "residential customers" for purposes of "stand-alone telephone service", we are hereby limiting the application this new surcharge as applied to Items 001, 008, 010, 012, 013 & 014 in Group 5002 (Local Basic Service) & Items 001 & 002 in Group 5034 (Bundled Service Plan) to the following Customers Types [to the exclusion of Customer Types 01 (Commercial) & 02 (Industrial)]:

- Customer Type 00 (Residential)
- Customer Type 09 (Lifeline)
- Customer Type 10 (Senior Citizen)

Provisions of the Nevada State 988 Surcharge

SHOWN ON CUSTOMER'S BILL AS: "NV 988 SURCHARGE"

Rate – \$0.35 per month.

Pass-through of the Fee to Customers – PASSFLAG = 1 (Required)

Level of Taxation - Tax is on the State level

Tax-type – 70

Tax-cat – 80

Base-type – 06

Effective date = June 7, 2023

Pima County, Arizona Cable License Fee

Pursuant to our ongoing process of legislative review, we are hereby adding the Pima County, Arizona Cable License Fee to the database effective with this month's release. This surcharge which is equal to 5% of a cable TV providers' gross revenues shall be captured via Tax Type 36/45.

To quote the governing provisions of the Pima County Code:

"A. No person shall construct, install, maintain or operate a **cable system** within, along, over or under any street in the county, or otherwise use county right-of-way for cable, unless a **license** has first been granted pursuant to the provisions of this chapter.

B. Any license issued by the county shall be **nonexclusive**, and the county specifically reserves the right to grant, at any time, such additional licenses for **cable systems** that the county deems appropriate."⁵

Meanwhile, the code provision that establishes the license fee recites as follows:

"Each **licensee** shall pay to the county an amount equal to five percent of the **licensee's annual gross revenues** as defined in Section 5.04.030 of this chapter."⁶

"The **licensee** may identify as a separate line item on each regular bill for each subscriber the amount of the total bill assessed as a license fee and the identity of the license authority to which the fee is paid."⁷

⁴ Proposed Temporary Regulation of the State Board of Health; Amendments to Nevada Administrative Code Chapter 433; Section 4.

⁵ Pima County, AZ Code § 5.04.040.

⁶ Pima County, AZ Code § 5.04.200.B.1.

⁷ Pima County, AZ Code § 5.04.200.B.3.

The term “licensee” is defined as follows:

““**Licensee**” means a person who executes a license agreement with the county, in accordance with this chapter, for the nonexclusive privilege to construct, install, operate, maintain or dismantle a **cable system** in the county.”⁸

The term “cable system” is defined as follows:

“**Cable system**” means a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide cable service which includes video programming and which is provided to multiple subscribers within a community, etc.”⁹

Finally, the term “gross revenues” is defined as follows:

““**Gross revenues**” means all cash, credits, property of any kind or nature, or other consideration, less related bad debt not to exceed one and one-half per cent annually, that is received directly or indirectly by the **cable operator**, its affiliates, subsidiaries or parent or any person, firm or corporation in which the cable operator has a financial interest or that has a financial interest in the cable operator and that is derived from the cable operator's operation of its **cable system** to provide **cable service** in the area of jurisdiction.

Gross revenues include all revenue from charges for **cable service** to subscribers and all charges for installation, removal, connection or reinstatement of equipment necessary for a subscriber to receive cable service, and any other receipts from subscribers derived from operating the **cable system** to provide **cable service**, including receipts from forfeited deposits, sale or rental of equipment to provide cable service, late charges, interest and sale of program guides.

Gross revenues do not include revenues from commercial advertising on the cable system, the use or lease of studio facilities of the cable system, the use or lease of leased access channels or bandwidth, the production of video programming by the cable operator, the sale, exchange, use or cablecast of any programming by the cable operator in the area of jurisdiction, sales to the cable operator's subscribers by programmers of home shopping services, reimbursements paid by programmers for launch fees or marketing expense, license fees, taxes or other fees or charges that the cable operator collects and pays to any governmental authority, any increase in the value of any stock, security or asset, or any dividends or other distributions made in respect of any stock or securities.”¹⁰

Based upon the scope of this definition, the Pima County, Arizona Cable License Fee (as captured by Tax Type 36/45) will be applied to Group 5031 (Cable Services) on the Group-level with the exception of Item 009 (Broadcast Advertising Revenue).

Provisions of the Pima County, Arizona Cable License Fee

SHOWN ON CUSTOMER’S BILL AS: “PIMA COUNTY CABLE LICENSE FEE”

Rate – 5% of Gross Revenues

Pass-through of the Fee to Customers – PASSFLAG = 0 (Optional)

Level of Taxation - Tax is on the County level

Tax-type – 36

Tax-cat – 45

Base-type – 08

Effective date = July 30, 1997

⁸ Pima County, AZ Code § 5.04.030.J.

⁹ Pima County, AZ Code § 5.04.030.B.

¹⁰ Pima County, AZ Code § 5.04.030.F.

Advance Notice of Major Rate Change Effective July 2023

Reduction in the Assessment Rate for the Texas Universal Service Fund

Among the taxes covered in our database is the Texas Universal Service Fund (as captured by Tax Type 26/80). Currently, the assessment rate for this regulatory surcharge is 24% of a carrier's Intrastate gross revenues. However, pursuant to action taken by the Texas Public Utility Commission, the rate for this assessment is being reduced to 12%, effective July 1, 2023.

To quote the Order implementing this rate reduction:

"At the May 11, 2023, open meeting, the Commission addressed the Texas Universal Service Fund (TUSF) assessment rate. The Commission determined that the current funding requirement for the TUSF, under 16 Texas Administrative Code (TAC) § 26.420(e), requires a reduction to the assessment rate. The Commission adopts an assessment rate of 12%. The assessment rate must be reduced from 24% to 12% effective July 1, 2023.

Under 16 TAC § 26.420(t)(6), a telecommunications provider may recover its TUSF assessments by surcharging their retail customers who are subject to tax under Chapter 151 of the Texas Tax Code. The amount of the surcharge is limited to 12% of customers' taxable intrastate telecommunications service receipts and shall be calculated using the same methodology the telecommunications provider uses in determining its assessments. Telecommunications providers that surcharge customers must include the following notice language as a bill message or billing insert in the first customer bill containing the revised surcharge:

"The Texas Universal Service Fund assessment rate has been reduced from 24% to 12% effective July 1, 2023."

A telecommunications provider subject to the filing requirements of 16 TAC § 26.89 or 26.207 that surcharges its customers must file a copy of its notice, along with a revised compliance tariff, schedule, or price list in Project No 53808 , Compliance Proceeding to Implement Order in Project No . 50796, Review of the TUSF Rate, on or before May 19, 2023."¹¹

Geography

The geography content in our data is updated on a monthly basis, with larger quarterly updates. Changes include adding new geocodes, expiring geocodes that are no longer necessary, and remapping ZIP+4s to both existing geocodes and to new ones. For your convenience, a list of expired geocodes is provided below.

FAQ

What is a geocode?

A geocode represents a unique set of state, county, city and tax district areas.

Why do geocodes matter to my company?

Taxes are associated with geocodes, so proper calculation of taxes is dependent on accurate mapping of addresses to geocodes.

What should I do next?

Users do not need to do anything unless they are using mapped geocodes for recurring transactions. Should this be the case, it is strongly recommended that users refresh their mapped geocodes to make sure the proper geocodes will be used for future transactions, as changes other than expired geocodes can impact your tax rate.

How do I find a new geocode if the old geocode is expired or reassigned?

Please pass your address to the system and obtain a proper geocode again. In some cases, the geocode will not change if the address is still within the boundary of the new geographic segments.

¹¹ Texas Public Utility Commission Project Number 50796 "Review of TUSF Rate: Order Changing the TUSF Assessment" [Dated May 11, 2023].

Expired geocodes

GeoCode	State	County	BlockDesc	TaxDistrictDescription
US08037A0006	CO	EAGLE	AVON	EAGLE TRANS RGNL
US08037A0014	CO	EAGLE	AVON	EAGLE TRANS RGNL / VILLAGES AT AVON
US08037A0005	CO	EAGLE	EAGLE	EAGLE TRANS RGNL
US08037A0007	CO	EAGLE	MINTURN	EAGLE TRANS RGNL
US08037A0009	CO	EAGLE	RED CLIFF	EAGLE TRANS RGNL
US08037A0020	CO	EAGLE	UNINCORPORATED COUNTY AREA	ARROWHEAD METRO DIST / EAGLE TRANS RGNL
US08037A0021	CO	EAGLE	UNINCORPORATED COUNTY AREA	ARROWHEAD METRO DIST / EAGLE TRANS RGNL / EDWARDS METRO DIST
US08037A0016	CO	EAGLE	UNINCORPORATED COUNTY AREA	BACHELORS GULCH METRO DIST / EAGLE TRANS RGNL
US08037A0010	CO	EAGLE	UNINCORPORATED COUNTY AREA	EAGLE TRANS RGNL
US08037A0019	CO	EAGLE	UNINCORPORATED COUNTY AREA	EAGLE TRANS RGNL / EAGLE-VAIL METRO DIST
US08037A0017	CO	EAGLE	UNINCORPORATED COUNTY AREA	EAGLE TRANS RGNL / EDWARDS METRO DIST
US08037A0015	CO	EAGLE	UNINCORPORATED COUNTY AREA	EAGLE TRANS RGNL / RED SKY METRO DIST
US08037A0018	CO	EAGLE	UNINCORPORATED COUNTY AREA	EAGLE TRANS RGNL / TWO RIVERS METRO DIST
US08037A0008	CO	EAGLE	VAIL	EAGLE TRANS RGNL / VAIL LOCAL MARKETING DIST
US20037A0001	KS	CRAWFORD	PITTSBURG	PITTSBURG TRANS DEV DIST
US21019A0014	KY	BOYD	UNINCORPORATED COUNTY AREA	RUSSELL IND SD
US21037A0036	KY	CAMPBELL	BELLEVUE	DAYTON IND SD
US21073A0005	KY	FRANKLIN	FRANKFORT	FRANKLIN CO SD
US21089A0026	KY	GREENUP	RACELAND	RUSSELL IND SD
US21093A0025	KY	HARDIN	RADCLIFF	FORT KNOX DEP SCHLS
US21097A0004	KY	HARRISON	CORINTH	HARRISON CO SD
US21099A0006	KY	HART	HORSE CAVE	HART CO SD
US21107A0006	KY	HOPKINS	DAWSON SPRINGS	HOPKINS CO SD
US21117A0054	KY	KENTON	ERLANGER	ERLANGER-ELSMERE IND SD
US21117A0074	KY	KENTON	LUDLOW	KENTON CO SD
US21195A0004	KY	PIKE	UNINCORPORATED COUNTY AREA	PIKEVILLE IND SD

US29095A0279	MO	JACKSON	GRAIN VALLEY	CENTRAL JACKSON CO FIRE PROT DIST / GRAIN VALLEY MERCADO CID / KANSAS CITY ZOOLOGICAL DIST
US29113A0021	MO	LINCOLN	CAVE	LINCOLN CO AMB DIST / LINCOLN CO FIRE PROT DIST 1
US29113A0004	MO	LINCOLN	CHAIN OF ROCKS	LINCOLN CO AMB DIST
US29113A0017	MO	LINCOLN	ELSBERRY	LINCOLN CO AMB DIST
US29113A0015	MO	LINCOLN	FOLEY	LINCOLN CO AMB DIST
US29113A0022	MO	LINCOLN	FOUNTAIN N' LAKES	LINCOLN CO AMB DIST / LINCOLN CO FIRE PROT DIST 1
US29113A0006	MO	LINCOLN	HAWK POINT	LINCOLN CO AMB DIST
US29113A0027	MO	LINCOLN	MOSCOW MILLS	HIGHWAY 61/STATE HIGHWAY U TRANS DEV DIST / LINCOLN CO AMB DIST / LINCOLN CO FIRE PROT DIST 1
US29113A0023	MO	LINCOLN	MOSCOW MILLS	LINCOLN CO AMB DIST / LINCOLN CO FIRE PROT DIST 1
US29113A0009	MO	LINCOLN	OLD MONROE	LINCOLN CO AMB DIST
US29113A0016	MO	LINCOLN	SILEX	LINCOLN CO AMB DIST
US29113A0026	MO	LINCOLN	TROY	FRONT STREET CID / LINCOLN CO AMB DIST / LINCOLN CO FIRE PROT DIST 1
US29113A0024	MO	LINCOLN	TROY	LINCOLN CO AMB DIST / LINCOLN CO FIRE PROT DIST 1
US29113A0028	MO	LINCOLN	TROY	LINCOLN CO AMB DIST / LINCOLN CO FIRE PROT DIST 1 / LINCOLN CROSSING CID
US29113A0012	MO	LINCOLN	TRUXTON	LINCOLN CO AMB DIST
US29113A0019	MO	LINCOLN	UNINCORPORATED COUNTY AREA	LINCOLN CO AMB DIST
US29113A0025	MO	LINCOLN	UNINCORPORATED COUNTY AREA	LINCOLN CO AMB DIST / LINCOLN CO FIRE PROT DIST 1
US29113A0018	MO	LINCOLN	WHITESIDE	LINCOLN CO AMB DIST
US29113A0013	MO	LINCOLN	WINFIELD	LINCOLN CO AMB DIST
US2917143454	MO	PUTNAM	LIVONIA	
US2917144372	MO	PUTNAM	LUCERNE	
US2917159420	MO	PUTNAM	POWERSVILLE	
US2917100000	MO	PUTNAM	UNINCORPORATED COUNTY AREA	
US2917175166	MO	PUTNAM	UNIONVILLE	
US2917181106	MO	PUTNAM	WORTHINGTON	

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