

**MINUTES OF THE  
COMPETITION IN TELECOMMUNICATIONS INDUSTRY TASK FORCE**

Tuesday, August 20, 2002 – 2:00 p.m. – Room 403 State Capitol

**Members Present:**

Sen. Beverly Ann Evans, Co-Chair  
Rep. Wayne A. Harper, Co-Chair  
Sen. Ron Allen  
Sen. Curtis S. Bramble  
Rep. David Clark  
Rep. Stephen D. Clark  
Rep. Brent H. Goodfellow  
Rep. Ty McCartney  
Rep. David Ure

**Members Absent:**

Sen. Alicia Suazo  
Sen. John L. Valentine  
Rep. Neal B. Hendrickson

**Staff Present:**

Ms. Jami Momberger, Research Analyst  
Mr. Thad LeVar, Associate General Counsel\*  
Ms. Patricia Owen, Associate General Counsel  
Ms. Jennifer Markham, Legislative Secretary

\*not authorized to practice law in Utah

**Note:** A list of others present and a copy of materials can be found at <http://www.image.le.state.ut.us/imaging/history.asp> or by contacting the task force secretary, Jennifer Markham, at 538-1032.

**1. Task Force Business**

Chair Harper called the meeting to order at 2:11 p.m.

**MOTION:** Rep. Goodfellow moved to approve the minutes of the June 13 and July 10, 2002 meeting. The motion passed unanimously.

**2. Telecommunication Tax Issues**

Ms. Owen provided an overview of the responses received by the task force staff to the July 10 Information Request of the Competition in Telecommunications Industry Task Force. Ms. Owen distributed copies of the summary and the responses that were received.

Mr. Paul Morris, City Attorney, West Valley City and Chair, ULCT Task Force (Telecommunications Task Force for the Utah League of Cities and Towns), stated that the ULCT Task Force was created in 1997 and has addressed multiple issues such as those related to rights-of-way, zoning, and taxation. He stated that the ULCT Task Force is currently addressing simplification of telecommunications taxes and discussing lowering the tax rate, broadening the tax base, and treating wireless and wire-line similarly. He stated that the telecommunications industry has raised additional issues including creating a sales exemption for equipment purchases, including long-distance service in the sales and the use tax base, and providing lawsuit and audit protections. He indicated that the ULCT Task Force's goal is to have a proposal by October.

Mr. Roger Tew, Tax Consultant, ULCT (Utah League of Cities and Towns), stated that ULCT is continuing to improve its ability to collect financial data related to taxes including improving ULCT's tracking of revenue from local cell phone taxes. He emphasized that the communities that impose local utility taxes receive significant dollars from the taxes.

Mr. Bruce Johnson, Commissioner, Utah State Tax Commission, explained that taxation in the telecommunications industry arose in a regulated utility; which allowed for recovery because the industry was a regulated monopoly. He stated that now, as a result of competition in telecommunications markets, companies have different tax burdens. Mr. Johnson stated that telecommunications taxes and fees are becoming disproportionately complex and expressed support for simplification of the administration of telecommunications taxes.

Mr. Doug Hurst, Director, Tax, Qwest Communications, discussed Qwest tax returns and distributed a copy of his presentation, "Tax Reform & Simplification, Telecommunications Recommendations" which was supported by Qwest, Sprint, AT&T, MCI, and Verizon Wireless.

Mr. Chris Bleak, Manager, Community Relations, Qwest Communications, discussed Qwest's sale of the yellow pages.

Mr. John Cmelak, Director, Tax Policy, Verizon, spoke on behalf of AT&T Wireless, VoiceStream, and Verizon and outlined proposals for telecommunications tax simplification and reform and distributed a copy of his presentation, "Testimony Before the Competition in Telecommunications Industry Task Force."

Mr. Curt Hutsell, President, Utah Rural Telecom Association and representing Frontier and Navajo Communications, recommended a sales tax exemption on telecommunications equipment purchases, and a restriction of fees to costs incurred for rights-of-way imposed by state and local governments. He expressed opposition to expanding the sales and use tax base to include interstate telephone calls.

Task Force discussion followed.

### **3. Rights-of-Way Charges and Fees**

Mr. Dave Thomas, Chief Civil Deputy Summit County Attorney, representing the Utah Association of Counties, stated that counties do not provide services for or impose fees on telecommunications. He discussed the need for additional rights-of-way as counties grow and that counties do not recover the cost of replacement of rights-of-way. He expressed the need for uniform application of franchise authority between cities and counties.

### **4. UTOPIA (Utah Telecommunication Open Infrastructure Agency)**

Mr. Paul Morris, Executive Director, UTOPIA, explained the creation of UTOPIA and stated that the membership consists of 17 cities. He stated that UTOPIA has completed a preliminary assessment and is currently involved in feasibility studies. He indicated that the feasibility study will be verified, and their goal for completion is March 2003. Mr. Morris stated that UTOPIA's web page at [www.utopianet.org](http://www.utopianet.org) should be online soon.

Task Force discussion followed.

**5. Other Items/Adjourn**

The next two meetings were scheduled on Tuesday, September 17 at 10:00 a.m. and Thursday, October 24 at 9:00 a.m.

**MOTION:** Rep. McCartney moved to adjourn the meeting. The motion passed unanimously, with Rep. Ure absent for the vote.