

**MINUTES OF THE
COMPETITION IN TELECOMMUNICATIONS INDUSTRY TASK FORCE**
Monday, November 25, 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. Brent H. Goodfellow
Rep. Neal B. Hendrickson
Rep. Ty McCartney
Rep. David Ure

Members Absent:

Sen. Alicia Suazo
Sen. John L. Valentine
Rep. Stephen D. Clark

Staff Present:

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

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 Evans called the meeting to order at 2:10 p.m.

MOTION: Rep. Hendrickson moved to approve the minutes of the November 8, 2002 meeting with a technical change to show Rep. Stephen Clark absent for the vote to adjourn. The motion passed unanimously.

2. Task Force Discussion of Draft Legislation

Ms. Owen distributed and discussed "Outline of Telecommunications Tax Proposals." Ms. Owen also distributed draft legislation "State and Local Taxes, Fees, and Charges Related to Telecommunications" and "Telecommunications Related Taxes, Fees, and Charges."

Mr. Paul Morris, Chair, Telecommunications Task Force of the Utah League of Cities and Towns, explained draft legislation "State and Local Taxes, Fees, and Charges Related to Telecommunications" proposed by the Telecommunications Task Force of the Utah League of Cities and Towns.

Ms. Owen provided examples of issues raised by the draft legislation including issues regarding the change related to 911 services.

Mr. Bruce Johnson, Commissioner, State Tax Commission, indicated that the Tax Commission could administer the provisions of this draft legislation.

Mr. Robin Riggs, Utah President, Qwest Communications, expressed support for the draft legislation.

Mr. Johnson indicated that monthly service is taxed at the place of primary use based on a nine-digit zip code, using either a business or residential address.

Mr. John Cmelak, Tax Director, Verizon Wireless, stated that a federal act requires wireless providers to obtain a location of primary use from customers.

Mr. Doug Hurst, Tax Director, Qwest Communications, explained Qwest's proposed draft legislation "Telecommunications Related Taxes, Fees, and Charges."

Mr. Johnson emphasized that the State Tax Commission had worked closely with the telecommunications industry on this legislation and could administer the legislation.

Mr. Doug McDonald, Chief Economist, State Tax Commission, stated that there would be a minimal fiscal impact if the sales tax exemption for repair parts was excluded in the legislation.

Mr. Hurst indicated that the collection of the universal service fee had not been included in this legislation.

Mr. David Berger, Regional Director, Legislative Tax Group, MCI Worldwide, emphasized that all operating costs including taxes determine where investment dollars will be spent.

Ms. Owen provided examples of issues raised by the draft legislation including whether or not the draft legislation is revenue neutral and the need for coordination with any streamline tax legislation.

Mr. Cmelak stated that the wireless industry had withdrawn their proposals, and expressed support for draft legislation "State and Local Taxes, Fees, and Charges Related to Telecommunications" if it is combined with the industry proposal "Telecommunications Related Taxes, Fees, and Charges."

Task Force discussion followed.

MOTION: Rep. Goodfellow moved to approve draft legislation "State and Local Taxes, Fees, and Charges Related to Telecommunications" and "Telecommunications Related Taxes, Fees, and Charges" with a task force recommendation. The motion passed unanimously.

3. Other Items/Adjourn

MOTION: Sen. Allen moved to adjourn the meeting at 3:13 p.m. The motion passed unanimously.