2004 State Study and Report On **Telecommunications Taxation**

by the Telecommunications Tax Task Force
of the Council On State Taxation (COST)

COST
Council On State Taxation

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March, 2005

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ISBN: 0-8080-1306-8

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About the Council On State Taxation

The Council On State Taxation (COST) is a non-profit association based in Washington, D.C., which has an independent membership of more than 570 major multistate corporations from all sectors of industry engaged in interstate and international business. COST's objective is to preserve and promote the equitable and nondiscriminatory state and local taxation of multi-jurisdictional business entities. The members of the COST Telecommunications Tax Task Force who participated in this study consist of numerous companies who offer a broad range of telecommunications services in every jurisdiction throughout the United States.

Specifically, individuals at the following companies participated in the effort required to prepare the 2004 State Study: ALLTEL Corporation, AT&T Corporation, BellSouth Corporation, Cingular Wireless LLC, Level 3 Communications, Nextel Communications, Qwest Communications, SBC Communications, Sprint Corporation, Telephone and Data Systems, Inc., T-Mobile USA, Verizon Communications, Verizon Wireless. Questions about the study may be directed to COST Tax Counsel, Stephen Kranz at skranz@statetax.org or (202) 904-7829. COST would like to express its gratitude to Brandee Tilman, a recipient of the 2004-2005 COST / Georgetown University Law Center Fellowship, for her assistance in the preparation of this report.

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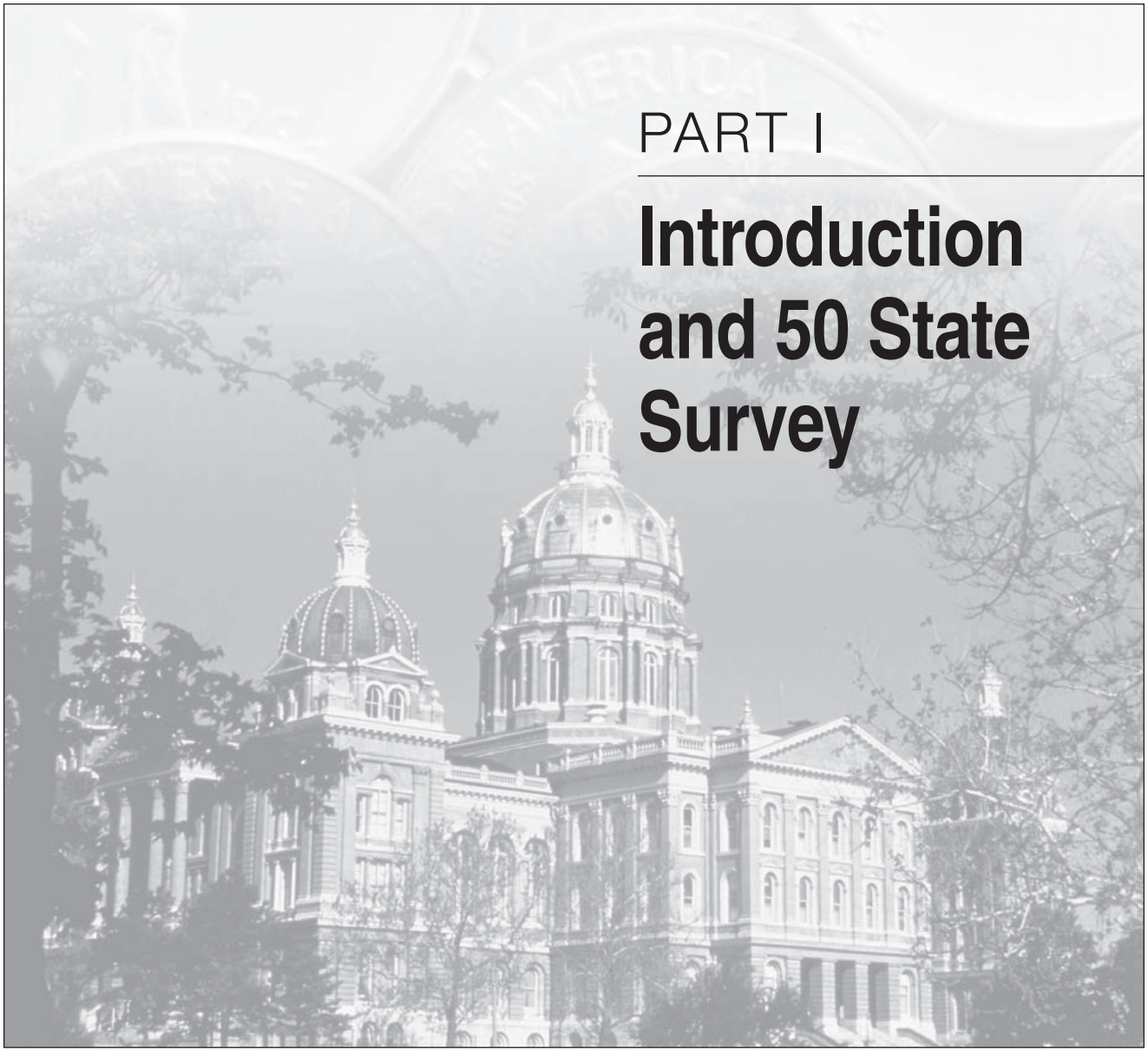

PART I

Introduction and 50 State Survey

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Introduction to the 2004 State Study and Report On Telecommunications Taxation

This 2004 50-State Study and Report on Telecommunications Taxation ("2004 State Study"), prepared by the Telecommunications Tax Task Force of the Council On State Taxation ("COST"), documents the current taxation of telecommunications. The 2004 State Study analyzes changes that have occurred in the taxation of telecommunications since the 2001 State Study.

Background

The concept in developing the original study in 1999 ("1999 State Study") was to document the complex taxation of telecommunications providers and services under state and local transaction and property taxes, including certain special fees and taxes. The 1999 State Study highlighted the cumbersome and burdensome nature of the situation by comparing the relative tax and administrative burdens imposed on both general business and telecommunications providers and services under state and local transaction and property taxes.

Members of the COST Telecommunications Tax Task Force compiled the 1999 State Study to provide the Advisory Commission on Electronic Commerce ("ACEC") with information documenting the onerous federal, state, and local level of taxation imposed on telecommunications. The 1999 State Study was presented to the ACEC at its second meeting in New York City on September 14, 1999.

The 1999 State Study highlighted the problems faced by telecommunications providers who are subject to a myriad of taxes imposed on different types of services by a multitude of jurisdictions. It also contained a lengthy discussion of the evolution of the taxation and regulation of the industry, recent developments in telecommunications technology, administrative complexities of the current system, tax policy concerns and options for simplification and/or reduction of taxes.

The original study, and each subsequent version, has generated substantial interest from the public and private sectors. The data documented in the study has been referenced in numerous articles and studies[1] and it is the focal point for state and federal policy debates over telecommunications tax reform.

The Federal Discussion

The majority report of the ACEC, presented by Governor Gilmore to Congress in April of 2000, included a number of recommendations related to the taxation of telecommunications. Specifically, it advocated the repeal of the federal excise tax, which was first enacted to fund the Spanish American war.

The majority report also recommended simplification of state and local telecommunications taxes in accordance with an Option A (single, statewide tax) or an Option B (local taxes may be imposed in accordance with specified rules including a uniform tax base between the state and local tax jurisdictions). The simplification recommendations contained in the majority report can be traced to the proposal made by the telecommunications industry at the ACEC meeting in December of 1999,[2] after the first study was released.

Finally, the majority report advocated the elimination of the excess tax burden on telecommunications providers and the removal of multiple and discriminatory taxation of telecommunications services and property.

Since the majority report of the ACEC was first presented, federal policy makers have given increasing attention to state taxation of telecommunications services.[3] Convergence of technologies, regulatory issues and the bundling of telecommunications services with other products and services have spurred a discussion between the impacted industries and federal policy makers on these and related tax issues. This study attempts to quantify some of the data relevant to those discussions.

The State Discussion

As a result of the ACEC recommendations and potential federal legislation the State and Local Government organizations and representatives of the industry began the Telecommunications Tax Reform Initiative (TTRI) in 1999. Those efforts were folded into the Streamlined Sales Tax Project (SSTP). Beginning in December of 2004, the National Governor's Association, National Conference of State Legislators, The Council of State Governments, National Association of Counties, National League of Cities, and United States Conference of Mayors, renewed discussions with telecommunications providers and other impacted industry members regarding communications tax modernization. As documented in the study, a number of states have taken steps to reform parts of their telecommunications tax structure. Much of the discussion at the state level and among the state policymaker associations is based on the data captured in this study.

The 2004 State Study

The process used by the COST Telecommunications Tax Task Force to prepare the 2004 State Study varied slightly from the process used for the prior years. In prior years, the taxes and fees imposed in each state and the District of Columbia were generally compiled by one member of the Task Force and reviewed by a second member. For the 2004 State Study at least one member and in most cases two members of the Task Force reviewed the data from the 2001 state sheet and made revisions to reflect the law as of July 1, 2004. For each state, the data is based on the assumption that the taxpayer is either a statewide general business (*i.e.*, the business would have at least one store in each taxing jurisdiction) or a statewide provider of telecommunications.

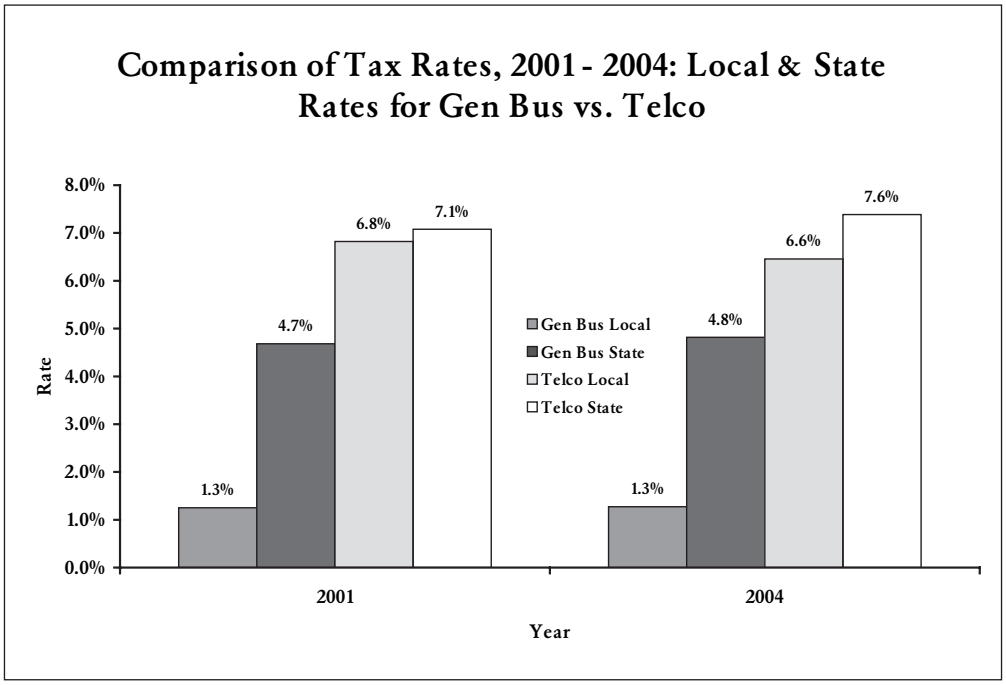
Consistent with the earlier versions of the study, the 2004 State Study provides a series of 50-state comparison charts with consolidated state and local data. The study also includes various graphs that display the results for the ten most burdensome states and the ten most populous states. The Study also includes a map comparing equipment sales tax exemptions for manufacturing and telecommunications. New for the 2004 State Study are charts comparing key findings on the number of returns and rates from this study with findings from the 2001 State Study.

Report of Findings

The 2004 State Study shows that the average effective rate of state and local transaction taxes for telecommunications services is 14.17%, compared to only 6.12% for

general businesses nationwide. Transaction taxes for telecommunications services include any state and local taxes applied to the cost of the service or the provision of the line to the consumer. Transaction taxes for general businesses are based on the traditional sales tax imposed on sales of tangible personal property and comparable transaction taxes. When accounting for federal transaction taxes the average effective rate for telecommunications services is 18.17% compared to 6.12% for general businesses nationwide.[4]

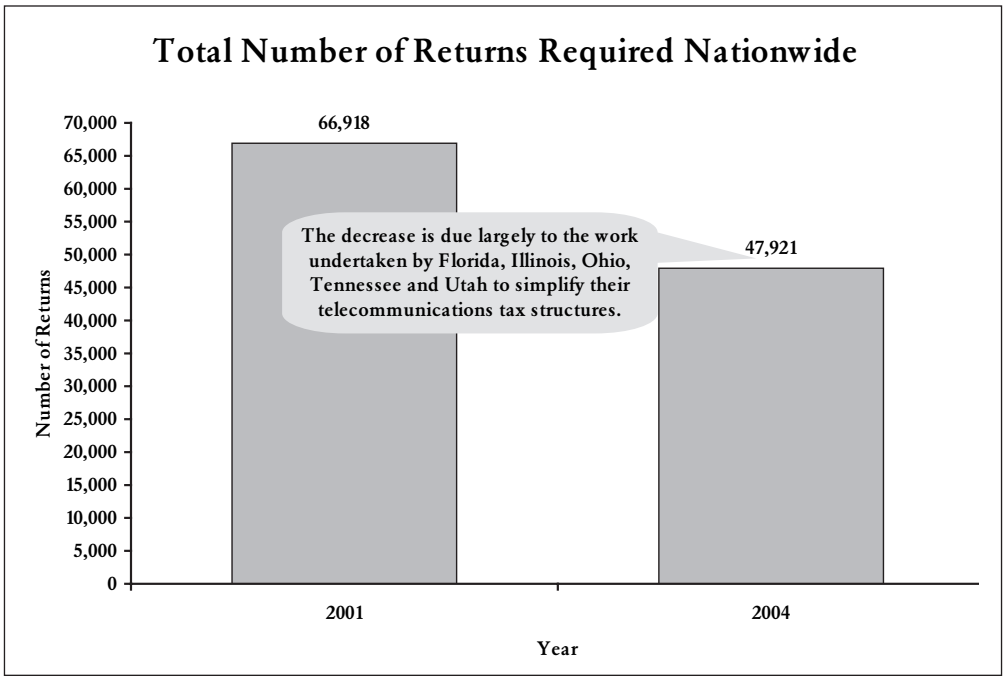
The following chart compares the change in the average effective rate from the 2001 study to the 2004 study. The comparison shows a slight decrease in the local rate from 6.8% to 6.5% and a slight increase in the state rate from 7.1% to 7.4%. Two factors account for the majority of the change. First the 2004 study uses a higher average cost for service. As a result the conversion of flat charges to an average effective rate produces a lower average effective tax rate even though the actual tax per line did not change. Second the change reflects the simplification reforms enacted in some states shifting the tax burden from local level taxes to state level taxes.

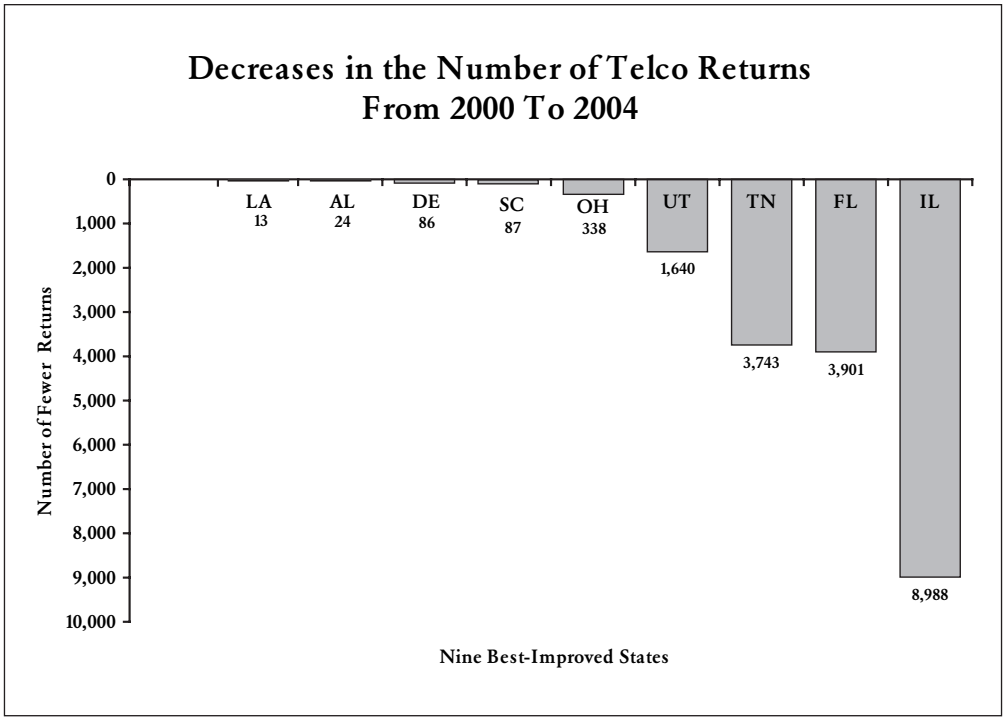


The total number of taxes imposed on telecommunications services is almost three times greater than for general businesses (123 versus 344). Compared to general businesses, telecommunications providers have 1,103 more transaction tax bases and 6,683 more taxing jurisdictions with which to contend. Telecommunication providers must file 47,921 returns compared to 7,501 returns for general businesses. These inequities stem from outmoded statutes that originated during the era when telecommunications companies were closely regulated monopolies. These outmoded and discriminatory tax schemes no longer work in today's competitive and highly dynamic environment.

The administrative filing requirements documented in the 2004 State Study reflect a decrease in filing required by telecommunications companies across the nation (47,921 in 2004 compared to 66,918 in 2001). Tax simplification reforms in Florida, Illinois, Ohio, Tennessee, and Utah reduced the number of returns by 18,610. While the

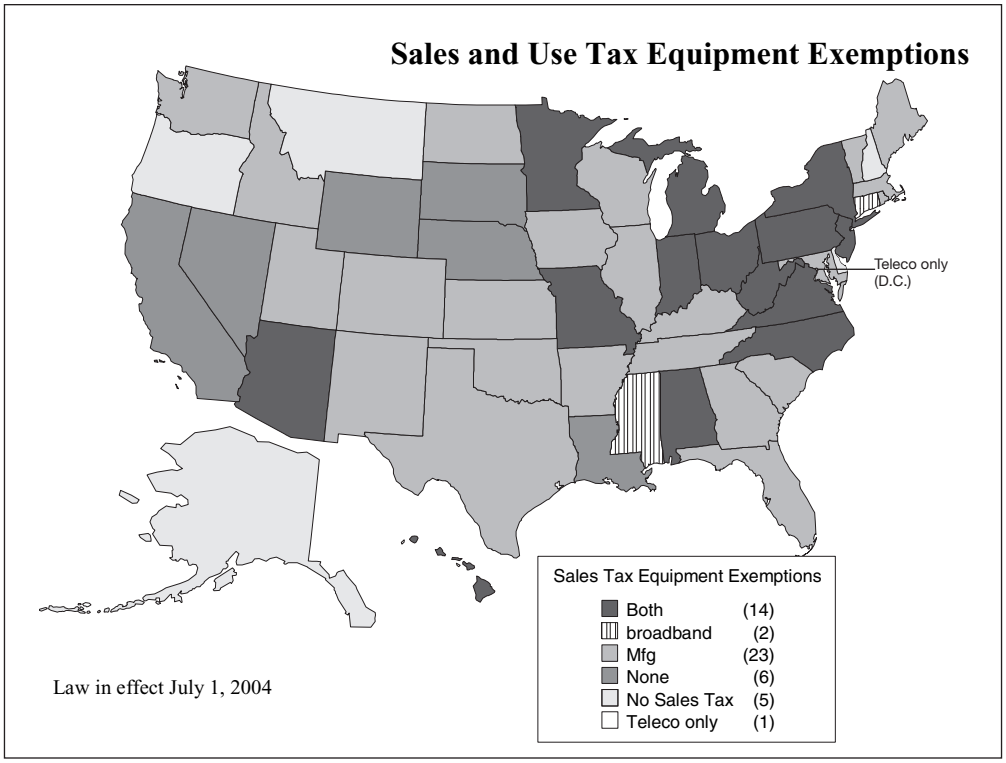
simplification reforms reduced the filing burdens for providers of telecommunications services, the filing requirements still exceed the filing requirements for sellers of goods whose burdens also decreased during the comparison period (7,501 in 2004 compared to 8,284 in 2001). The following charts highlight the reduction in filing requirements for providers of telecommunications services.





Sixteen states do not provide for any vendor compensation for either telecommunications providers or general businesses. These states account for 88 of the 344 taxes that apply to telecommunications providers and 25 of the 123 that apply to general businesses.

The 2004 State Study also documents the number of states that have telecommunications equipment exemptions or reduced sales tax rates applicable to telecommunications equipment (17 in 2004, from 16 in 2001) as compared to those states that have a manufacturing exemption or reduced rate applicable to manufacturing equipment (37 in 2001 and 2004). A fundamental tenet of tax policy is that tax systems should avoid the pyramiding of taxes (*i.e.*, if a state taxes the final product or service under its sales and use tax, it should not tax the business inputs that comprise the taxable good or service).[5] This policy principle has been implemented in the state sales and use tax statutes of 37 states through the enactment of manufacturing equipment exemptions and in 17 states through the enactment of telecommunications equipment exemptions. The same principle should be implemented in the 20 states that have a manufacturing exemption but no telecommunications equipment exemption through the enactment of such exemptions. In addition, the 6 states that do not exempt business inputs should recognize the importance of such exemptions to economic growth and the creation of a sound tax system that avoids the pyramiding of taxes, as they streamline their sales tax systems. Mississippi enacted legislation in 2003 to provide an exemption to machinery and equipment used to provide broadband telecommunications services. Virginia enacted legislation in 2004 that repealed the telecommunications equipment exemption effective in August of 2004. The following map shows the status of sales tax exemptions for manufacturing equipment and telecommunications equipment as of July 1, 2004.



COST Telecommunications Task Force Conclusions

Deregulation of the telecommunications industry, convergence of technologies and providers and increased competition continue to have an impact on the competitive marketplace. The state and local tax laws continue to impose high levels of industry-specific taxation on telecommunications services. While some states have begun the process of reforming the state and local tax structure, much more is needed to reduce the high level of telecommunications taxation and administrative burden imposed at most levels of government. In addition, the equipment exemptions that many state statutes have granted to the manufacturing industry to encourage growth and expansion of business in such states should be extended, as was done by Mississippi, to the telecommunications industry to encourage network expansion in such states. As business and residential consumers become increasingly reliant on communications services provided over the nation's telecommunications networks, the burdens and complexities imposed by the existing telecommunications tax system will continue to have a substantial impact on the cost of such services to consumers. The burdens and complexities of the existing telecommunications tax system are evidenced by the data contained in this 2004 State Study.

Currently, the language in many tax statutes results in the imposition of different taxes on similar telecommunications services depending on the historic classification of the business providing the service. New technologies are having an impact on the types of services being provided to customers, the method of delivery and the means of accounting for such services.

The tax system has not kept pace with changes in telecommunications technology, generally rendering the current system inequitable and unworkable. The telecommunications tax system should be overhauled to eliminate the discriminatory administrative and tax burden facing telecommunications providers and services.

Members of the COST Telecommunications Tax Task Force look forward to working with other industries and state and local government representatives to effect legislative changes that would modernize the tax policy with respect to telecommunications services and property.

Footnotes

[1] *See* ''Fixing the Phone-Tax Mess before it Gets Worse," Scott Palladino and Stacy Mazer, *Telecommunications Tax Policies: Implications for the Digital Age,* National Governors' Association, Washington, D.C., February 2000; *Business Week,* May 8, 2000; Joseph Cordes, Charlene Kalenkoski, and Harry Watson, *The Tangled Web of Taxing Talk: Telecommunications Taxes in the New Millenium,* The Progress & Freedom Foundation, September 2000; Jerry Hausman, "Efficiency Effects on the U.S. Economy from Wireless Taxation," *National Tax Journal,* Vol. 53 No.3 Part 2, p. 734 (September 2000); Scott Mackey, *Telecommunications and the Tangle of Taxes,* National Conference of State Legislatures, Denver, Colorado; Stephen Pociask, Telenomic Research "Taxing High-Speed Services: A Quantification of the Effects on the DSL Industry and Universal Service," New Millennium Research Council (April 26, 2004).

[2] *See* Proposal for State and Local Taxation of the Telecommunications Industry, submitted to the Advisory Commission on Electronic Commerce on November 15, 1999.

[3] *See* Rep. Pickering's (MS) "Wireless Telecommunications Sourcing and Privacy Act" -- H.R. 3489, 106th Cong. (1999). "Streamlined Sales and Use Tax Act" – H.R. 3184, 108th Cong. (2003); Sen. 1736, 108th (2003). Rep. Istook and Sen. Enzi introduced each Act, respectively. VoIP bills introduced in the 108th Congress: S. 2281 ("Sununu bill"), H.R. 3129 ("Pickering bill") and H.R. 4757 ("Stearns-Boucher bill") (2003).

[4] The federal rate of 4% reflects the federal excise tax on telecommunications plus an additional 1% to reflect the impact of the universal fund surcharges.

[5] *See* COST Special Report: Sales Taxation of Business Inputs, January 25, 2005.

COST TELECOMMUNICATIONS TAX STUDY

Local Taxes

State	Gen. Bus.	Telco
AK	1	3
AL	2	2
AR	3	6
AZ	2	2
CA	2	4
CO	3	4
CT	0	0
DE	0	0
FL	1	2
GA	1	3
HI	0	0
IA	2	3
ID	2	2
IL	1	6
IN	0	1
KS	1	3
KY	1	3
LA	2	4
MA	0	0
MD	0	3
ME	0	0
MI	0	4
MN	1	2
MO	1	3
MS	1	3
MT	0	0
NC	3	1
ND	2	4
NE	2	4
NH	0	0
NJ	0	0
NM	14	14
NV	1	3
NY	1	5
OH	1	1
OK	1	1
OR	0	1
PA	2	3
RI	0	0
SC	2	4
SD	1	2
TN	1	5
TX	1	3
UT	1	4
VA	2	4
VT	0	0
WA	4	7
WA DC	0	0
WI	2	3
WV	0	2
WY	2	2
Average	1	3
Total	70	136

State Taxes

State	Gen. Bus.	Telco
AK	0	4
AL	1	3
AR	1	4
AZ	1	5
CA	1	7
CO	2	6
CT	1	4
DE	1	4
FL	1	4
GA	1	4
HI	1	4
IA	1	2
ID	1	2
IL	1	6
IN	1	4
KS	1	3
KY	1	4
LA	1	5
MA	1	3
MD	1	5
ME	1	3
MI	1	2
MN	1	5
MO	1	1
MS	1	4
MT	0	5
NC	1	3
ND	1	3
NE	1	4
NH	0	4
NJ	1	3
NM	1	5
NV	1	3
NY	2	8
OH	4	4
OK	1	1
OR	0	4
PA	1	4
RI	1	6
SC	1	4
SD	1	4
TN	1	3
TX	1	7
UT	1	5
VA	1	3
VT	1	3
WA	2	6
WA DC	1	5
WI	1	4
WV	1	5
WY	1	4
Average	1	4
Total	53	208

Total # Taxes

State	Gen. Bus.	Telco
AK	1	7
AL	3	5
AR	4	10
AZ	3	7
CA	3	11
CO	5	10
CT	1	4
DE	1	4
FL	2	6
GA	2	7
HI	1	4
IA	3	5
ID	3	4
IL	2	12
IN	1	5
KS	2	6
KY	2	7
LA	3	9
MA	1	3
MD	1	8
ME	1	3
MI	1	6
MN	2	7
MO	2	4
MS	2	7
MT	0	5
NC	4	4
ND	3	7
NE	3	8
NH	0	4
NJ	1	3
NM	15	19
NV	2	6
NY	3	13
OH	5	5
OK	2	2
OR	0	5
PA	3	7
RI	1	6
SC	3	8
SD	2	6
TN	2	8
TX	2	10
UT	2	9
VA	3	7
VT	1	3
WA	6	13
WA DC	1	5
WI	3	7
WV	1	7
WY	3	6
Average	2	7
Total	123	344

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COST TELECOMMUNICATIONS TAX STUDY

Total Local Tax Rate

State	Gen. Bus.	Telco
AK	2.50%	6.09%
AL	4.00%	5.00%
AR	2.38%	7.40%
AZ	2.25%	3.70%
CA	2.10%	8.85%
CO	4.00%	10.15%
CT	0.00%	0.00%
DE	0.00%	0.00%
FL	1.00%	8.39%
GA	3.00%	13.41%
HI	0.00%	0.00%
IA	1.50%	6.44%
ID	0.00%	5.90%
IL	1.75%	11.31%
IN	0.00%	3.31%
KS	1.45%	12.13%
KY	0.00%	8.32%
LA	5.00%	9.28%
MA	0.00%	0.00%
MD	0.00%	16.90%
ME	0.00%	0.00%
MI	0.00%	13.15%
MN	0.50%	0.50%
MO	2.70%	18.81%
MS	0.25%	7.19%
MT	0.00%	0.00%
NC	3.00%	12.36%
ND	1.00%	3.85%
NE	1.00%	11.57%
NH	0.00%	0.00%
NJ	0.00%	0.00%
NM	1.31%	1.31%
NV	0.75%	3.49%
NY	4.06%	8.97%
OH	1.50%	1.50%
OK	3.95%	12.00%
OR	0.00%	7.00%
PA	0.83%	5.89%
RI	0.00%	3.00%
SC	0.50%	8.66%
SD	1.86%	4.00%
TN	2.25%	6.67%
TX	2.00%	11.12%
UT	1.50%	7.55%
VA	1.00%	26.99%
VT	0.00%	0.00%
WA	2.06%	9.33%
WA DC	0.00%	0.00%
WI	0.60%	1.06%
WV	0.00%	9.65%
WY	1.50%	3.64%
Average	1.28%	6.59%

Total State Tax Rate

State	Gen. Bus.	Telco
AK	0.00%	3.44%
AL	4.00%	6.93%
AR	6.00%	8.33%
AZ	5.60%	8.05%
CA	6.00%	3.43%
CO	2.90%	6.98%
CT	6.00%	8.01%
DE	0.72%	6.88%
FL	6.00%	9.76%
GA	4.00%	4.49%
HI	4.00%	8.04%
IA	5.00%	5.00%
ID	5.00%	0.26%
IL	6.25%	9.64%
IN	6.00%	7.85%
KS	5.30%	10.20%
KY	6.00%	6.54%
LA	4.00%	3.50%
MA	5.00%	9.30%
MD	5.00%	10.41%
ME	5.00%	6.37%
MI	6.00%	7.00%
MN	6.50%	8.26%
MO	4.23%	4.98%
MS	7.00%	7.44%
MT	0.00%	5.98%
NC	4.50%	6.47%
ND	5.00%	7.67%
NE	5.50%	13.65%
NH	0.00%	8.31%
NJ	6.00%	8.74%
NM	5.00%	7.28%
NV	6.50%	0.48%
NY	4.38%	8.32%
OH	6.00%	9.05%
OK	4.50%	7.97%
OR	0.00%	6.20%
PA	6.00%	11.44%
RI	7.00%	15.81%
SC	5.00%	5.99%
SD	4.00%	4.58%
TN	7.00%	7.19%
TX	6.25%	14.17%
UT	4.75%	6.81%
VA	3.50%	2.78%
VT	6.00%	7.27%
WA	6.97%	9.93%
WA DC	5.75%	14.24%
WI	5.00%	6.07%
WV	6.00%	13.81%
WY	4.00%	8.45%
	4.83%	7.64%

Total Tax Rate

State	Gen. Bus.	Telco
AK	2.50%	9.53%
AL	8.00%	11.93%
AR	8.38%	15.73%
AZ	7.85%	11.75%
CA	8.10%	12.28%
CO	8.00%	14.15%
CT	6.00%	8.01%
DE	0.72%	6.88%
FL	7.00%	18.15%
GA	7.00%	17.90%
HI	4.00%	8.04%
IA	6.50%	11.44%
ID	5.00%	6.16%
IL	8.00%	20.95%
IN	6.00%	11.16%
KS	6.75%	22.33%
KY	6.00%	14.86%
LA	9.00%	12.78%
MA	5.00%	9.30%
MD	5.00%	27.31%
ME	5.00%	6.37%
MI	6.00%	20.15%
MN	7.00%	8.76%
MO	6.92%	23.79%
MS	7.25%	14.63%
MT	0.00%	5.88%
NC	7.50%	18.83%
ND	6.00%	11.52%
NE	6.50%	25.22%
NH	0.00%	8.31%
NJ	6.00%	8.74%
NM	6.31%	8.59%
NV	7.25%	3.97%
NY	8.44%	17.29%
OH	7.50%	10.55%
OK	8.45%	19.97%
OR	0.00%	13.20%
PA	6.83%	17.33%
RI	7.00%	18.81%
SC	5.50%	14.65%
SD	5.86%	8.58%
TN	9.25%	13.86%
TX	8.25%	25.29%
UT	6.25%	14.36%
VA	4.50%	29.77%
VT	6.00%	7.27%
WA	9.03%	19.26%
WA DC	5.75%	14.24%
WI	5.60%	7.13%
WV	6.00%	23.46%
WY	5.50%	12.09%
	6.12%	14.17%

Total Tax Rate Incl. Fed

State	Gen. Bus.	Telco
AK	2.50%	13.53%
AL	8.00%	15.93%
AR	8.38%	19.73%
AZ	7.85%	15.75%
CA	8.10%	16.28%
CO	8.00%	18.15%
CT	6.00%	12.01%
DE	0.72%	10.88%
FL	7.00%	22.15%
GA	7.00%	21.90%
HI	4.00%	12.04%
IA	6.50%	15.44%
ID	5.00%	10.16%
IL	8.00%	24.95%
IN	6.00%	15.16%
KS	6.75%	26.33%
KY	6.00%	18.86%
LA	9.00%	16.78%
MA	5.00%	13.30%
MD	5.00%	31.31%
ME	5.00%	10.37%
MI	6.00%	24.15%
MN	7.00%	12.76%
MO	6.92%	27.79%
MS	7.25%	18.63%
MT	0.00%	9.88%
NC	7.50%	22.83%
ND	6.00%	15.52%
NE	6.50%	29.22%
NH	0.00%	12.31%
NJ	6.00%	12.74%
NM	6.31%	12.59%
NV	7.25%	7.97%
NY	8.44%	21.29%
OH	7.50%	14.55%
OK	8.45%	23.97%
OR	0.00%	17.20%
PA	6.83%	21.33%
RI	7.00%	22.81%
SC	5.50%	18.65%
SD	5.86%	12.58%
TN	9.25%	17.86%
TX	8.25%	29.29%
UT	6.25%	18.36%
VA	4.50%	33.77%
VT	6.00%	11.27%
WA	9.03%	23.26%
WA DC	5.75%	18.24%
WI	5.60%	11.13%
WV	6.00%	27.46%
WY	5.50%	16.09%
	6.12%	18.17%

COST TELECOMMUNICATIONS TAX STUDY

Local Tax Bases

State	Gen. Bus.	Telco
AK	1	3
AL	1	2
AR	2	3
AZ	13	14
CA	1	15
CO	9	9
CT	0	0
DE	0	0
FL	1	2
GA	1	3
HI	0	0
IA	1	3
ID	2	2
IL	1	3
IN	0	1
KS	1	3
KY	1	35
LA	64	4
MA	0	0
MD	0	28
ME	0	0
MI	0	2
MN	1	1
MO	1	249
MS	1	132
MT	0	0
NC	2	1
ND	1	2
NE	1	2
NH	0	0
NJ	0	0
NM	1	18
NV	1	12
NY	1	5
OH	1	1
OK	576	576
OR	0	83
PA	2	3
RI	0	0
SC	2	4
SD	0	2
TN	1	5
TX	1	3
UT	1	2
VA	95	524
VT	0	0
WA	3	6
WA DC	0	0
WI	1	3
WV	0	2
WY	1	1
Average	16	35
Total	793	1,769

State Tax Bases

State	Gen. Bus.	Telco
AK	0	4
AL	1	3
AR	1	4
AZ	1	5
CA	1	2
CO	1	1
CT	1	4
DE	1	5
FL	1	4
GA	1	4
HI	1	4
IA	1	1
ID	1	2
IL	1	6
IN	1	4
KS	1	3
KY	1	4
LA	1	5
MA	1	2
MD	1	5
ME	1	2
MI	1	3
MN	1	4
MO	1	3
MS	1	4
MT	0	1
NC	1	3
ND	1	3
NE	1	2
NH	0	4
NJ	1	3
NM	1	5
NV	1	4
NY	1	5
OH	1	4
OK	1	1
OR	0	3
PA	1	4
RI	1	6
SC	1	4
SD	1	1
TN	1	3
TX	1	1
UT	1	3
VA	1	3
VT	1	3
WA	2	6
WA DC	1	5
WI	1	4
WV	1	5
WY	1	1
	1	3
	48	175

Total Tax Bases

State	Gen. Bus.	Telco
AK	1	7
AL	2	5
AR	3	7
AZ	14	19
CA	2	17
CO	10	10
CT	1	4
DE	1	5
FL	2	6
GA	2	7
HI	1	4
IA	2	4
ID	3	4
IL	2	9
IN	1	5
KS	2	6
KY	2	39
LA	65	9
MA	1	2
MD	1	33
ME	1	2
MI	1	5
MN	2	5
MO	2	252
MS	2	136
MT	0	1
NC	3	4
ND	2	5
NE	2	4
NH	0	4
NJ	1	3
NM	2	23
NV	2	16
NY	2	10
OH	2	5
OK	577	577
OR	0	86
PA	3	7
RI	1	6
SC	3	8
SD	1	3
TN	2	8
TX	2	4
UT	2	5
VA	96	527
VT	1	3
WA	5	12
WA DC	1	5
WI	2	7
WV	1	7
WY	2	2
	16	38
	841	1,944

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COST TELECOMMUNICATIONS TAX STUDY

Total # Returns

State	Gen. Bus.	Telco
AK	7	659
AL	266	1,146
AR	269	1,259
AZ	168	216
CA	611	2,440
CO	50	1,420
CT	12	24
DE	12	38
FL	12	830
GA	12	1,945
HI	12	16
IA	12	1,148
ID	77	319
IL	12	3,305
IN	12	346
KS	12	864
KY	12	3,253
LA	831	1,011
MA	12	14
MD	12	89
ME	12	25
MI	12	113
MN	25	76
MO	12	12
MS	24	845
MT	0	20
NC	0	1,096
ND	12	589
NE	12	2,261
NH	0	40
NJ	12	17
NM	12	120
NV	12	194
NY	12	5,632
OH	12	16
OK	12	12
OR	0	1,017
PA	12	994
RI	12	43
SC	280	675
SD	12	271
TN	3,936	1,135
TX	12	3,107
UT	12	65
VA	12	3,174
VT	12	25
WA	549	4,446
WA DC	12	43
WI	12	267
WV	12	1,142
WY	12	107
Average	147	940
Total	7,501	47,921

Total # Taxing Juris.

State	Gen. Bus.	Telco
AK	98	92
AL	231	307
AR	538	835
AZ	102	102
CA	608	824
CO	519	519
CT	1	4
DE	1	1
FL	68	312
GA	160	481
HI	1	1
IA	867	963
ID	11	32
IL	131	1,204
IN	1	84
KS	1	262
KY	1	272
LA	64	177
MA	1	1
MD	1	25
ME	1	1
MI	1	88
MN	12	15
MO	781	781
MS	2	97
MT	0	1
NC	0	92
ND	100	134
NE	0	572
NH	0	4
NJ	1	1
NM	274	295
NV	1	64
NY	86	588
OH	1	2
OK	577	577
OR	0	84
PA	108	182
RI	1	1
SC	269	326
SD	275	339
TN	328	425
TX	1	1,012
UT	275	275
VA	96	316
VT	1	1
WA	519	848
WA DC	1	1
WI	55	124
WV	1	93
WY	24	42
	141	272
	7,196	13,879

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COST TELECOMMUNICATIONS TAX STUDY

Real Prop Eff Rate

State	Gen. Bus.	Telco
AK	1.41%	1.41%
AL	1.00%	1.50%
AR	1.22%	1.22%
AZ	4.20%	4.20%
CA	1.10%	1.10%
CO	1.46%	2.23%
CT	3.28%	3.28%
DE	1.08%	1.08%
FL	2.34%	2.15%
GA	1.42%	1.42%
HI	1.91%	0.00%
IA	3.40%	3.40%
ID	1.70%	1.70%
IL	5.00%	5.00%
IN	2.35%	2.35%
KS	2.98%	3.94%
KY	1.40%	1.40%
LA	2.05%	2.05%
MA	3.13%	3.13%
MD	1.84%	1.84%
ME	2.45%	2.45%
MI	3.18%	2.54%
MN	4.90%	4.90%
MO	3.77%	3.77%
MS	2.93%	2.93%
MT	1.67%	3.34%
NC	1.01%	1.01%
ND	2.25%	0.00%
NE	1.91%	1.90%
NH	2.01%	2.01%
NJ	3.62%	3.62%
NM	1.17%	1.17%
NV	1.11%	1.11%
NY	2.99%	4.73%
OH	2.98%	2.98%
OK	1.29%	2.67%
OR	1.30%	1.30%
PA	2.50%	3.09%
RI	3.42%	3.42%
SC	3.14%	3.14%
SD	2.15%	2.15%
TN	1.25%	1.67%
TX	2.70%	2.70%
UT	1.20%	1.20%
VA	1.33%	1.33%
VT	2.47%	2.47%
WA	1.30%	1.30%
WA DC	1.85%	1.85%
WI	2.67%	2.86%
WV	0.48%	0.48%
WY	0.65%	0.79%
Average	2.19%	2.26%

Tangible Prop Eff Rate

State	Gen. Bus.	Telco
AK	1.41%	1.41%
AL	1.00%	1.50%
AR	1.22%	1.22%
AZ	4.20%	4.20%
CA	1.10%	1.10%
CO	1.46%	2.23%
CT	3.28%	3.28%
DE	0.00%	0.00%
FL	2.34%	2.15%
GA	1.42%	1.42%
HI	0.00%	0.00%
IA	0.00%	0.00%
ID	1.70%	1.70%
IL	0.00%	0.00%
IN	2.35%	2.35%
KS	2.98%	3.94%
KY	1.40%	1.40%
LA	2.05%	2.05%
MA	3.13%	3.13%
MD	4.44%	4.44%
ME	2.45%	2.70%
MI	3.18%	2.54%
MN	0.00%	0.00%
MO	3.77%	3.77%
MS	2.93%	2.93%
MT	1.67%	3.34%
NC	1.01%	1.01%
ND	0.00%	0.00%
NE	1.91%	1.90%
NH	0.00%	0.00%
NJ	0.00%	2.76%
NM	1.17%	1.17%
NV	1.11%	1.11%
NY	0.00%	0.00%
OH	2.13%	2.13%
OK	1.39%	2.67%
OR	1.30%	1.30%
PA	0.00%	0.00%
RI	4.22%	4.22%
SC	3.14%	3.14%
SD	0.00%	2.15%
TN	1.25%	1.67%
TX	2.70%	2.70%
UT	1.20%	1.20%
VA	3.70%	1.33%
VT	2.47%	2.37%
WA	1.30%	1.30%
WA DC	3.40%	3.40%
WI	2.67%	2.86%
WV	0.48%	0.48%
WY	0.65%	0.79%
	1.70%	1.85%

Eff. Tax Rate on Intang Value

State	Gen. Bus.	Telco
AK	0.00%	0.00%
AL	0.00%	1.50%
AR	0.00%	1.22%
AZ	0.00%	0.00%
CA	0.00%	0.00%
CO	1.46%	2.23%
CT	0.00%	0.00%
DE	0.00%	0.00%
FL	0.15%	0.10%
GA	0.00%	0.00%
HI	0.00%	0.00%
IA	0.00%	0.00%
ID	0.00%	0.00%
IL	0.00%	0.00%
IN	0.00%	0.00%
KS	0.00%	3.94%
KY	0.00%	1.40%
LA	0.00%	0.00%
MA	0.00%	0.00%
MD	0.00%	0.00%
ME	0.00%	0.00%
MI	0.00%	2.54%
MN	0.00%	0.00%
MO	0.00%	0.00%
MS	0.00%	0.00%
MT	0.00%	3.34%
NC	0.00%	0.00%
ND	0.00%	0.00%
NE	0.00%	1.90%
NH	0.00%	0.00%
NJ	0.00%	0.00%
NM	0.00%	0.00%
NV	0.00%	0.00%
NY	0.00%	0.00%
OH	0.00%	0.00%
OK	0.00%	2.67%
OR	0.00%	1.30%
PA	0.00%	0.00%
RI	0.00%	0.00%
SC	0.00%	0.00%
SD	0.00%	2.15%
TN	0.00%	1.67%
TX	0.00%	0.00%
UT	0.00%	1.20%
VA	0.00%	0.00%
VT	0.00%	0.00%
WA	0.00%	0.00%
WA DC	0.00%	0.00%
WI	0.00%	0.00%
WV	0.00%	0.00%
WY	0.00%	0.79%
	0.03%	0.55%

COST TELECOMMUNICATIONS TAX STUDY

Local Taxes

State	Gen. Bus.	Telco
NM	14	14
WA	4	7
AR	3	6
IL	1	6
NY	1	5
TN	1	5
CO	3	4
CA	2	4
LA	2	4
ND	2	4
NE	2	4
SC	2	4
VA	2	4
UT	1	4
MI	0	4
IA	2	3
PA	2	3
WI	2	3
AK	1	3
GA	1	3
KS	1	3
KY	1	3
MO	1	3
MS	1	3
NV	1	3
TX	1	3
MD	0	3
AL	2	2
AZ	2	2
ID	2	2
WY	2	2
FL	1	2
MN	1	2
SD	1	2
WV	0	2
NC	3	1
OH	1	1
OK	1	1
IN	0	1
OR	0	1
CT	0	0
DE	0	0
HI	0	0
MA	0	0
ME	0	0
MT	0	0
NH	0	0
NJ	0	0
RI	0	0
VT	0	0
WA DC	0	0
Average	1	3
Total	70	136

State Taxes

State	Gen. Bus.	Telco
NY	2	8
CA	1	7
TX	1	7
CO	2	6
WA	2	6
IL	1	6
RI	1	6
AZ	1	5
LA	1	5
MD	1	5
MN	1	5
NM	1	5
UT	1	5
WA DC	1	5
WV	1	5
MT	0	5
OH	4	4
AR	1	4
CT	1	4
DE	1	4
FL	1	4
GA	1	4
HI	1	4
IN	1	4
KY	1	4
MS	1	4
NE	1	4
PA	1	4
SC	1	4
SD	1	4
WI	1	4
WY	1	4
AK	0	4
NH	0	4
OR	0	4
AL	1	3
KS	1	3
MA	1	3
ME	1	3
NC	1	3
ND	1	3
NJ	1	3
NV	1	3
TN	1	3
VA	1	3
VT	1	3
IA	1	2
ID	1	2
MI	1	2
MO	1	1
OK	1	1
	1	4
	53	208

Total # Taxes

State	Gen. Bus.	Telco
NM	15	19
WA	6	13
NY	3	13
IL	2	12
CA	3	11
CO	5	10
AR	4	10
TX	2	10
LA	3	9
UT	2	9
NE	3	8
SC	3	8
TN	2	8
MD	1	8
AZ	3	7
ND	3	7
PA	3	7
VA	3	7
WI	3	7
GA	2	7
KY	2	7
MN	2	7
MS	2	7
AK	1	7
WV	1	7
WY	3	6
FL	2	6
KS	2	6
NV	2	6
SD	2	6
MI	1	6
RI	1	6
OH	5	5
AL	3	5
IA	3	5
IN	1	5
WA DC	1	5
MT	0	5
OR	0	5
NC	4	4
ID	3	4
MO	2	4
CT	1	4
DE	1	4
HI	1	4
NH	0	4
MA	1	3
ME	1	3
NJ	1	3
VT	1	3
OK	2	2
	2	7
	123	344

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COST TELECOMMUNICATIONS TAX STUDY

Total Local Tax Rate

State	Gen. Bus.	Telco
VA	1.00%	26.99%
MO	2.70%	18.81%
MD	0.00%	16.90%
GA	3.00%	13.41%
MI	0.00%	13.15%
NC	3.00%	12.36%
KS	1.45%	12.13%
OK	3.95%	12.00%
NE	1.00%	11.57%
IL	1.75%	11.31%
TX	2.00%	11.12%
CO	4.00%	10.15%
WV	0.00%	9.65%
WA	2.06%	9.33%
LA	5.00%	9.28%
NY	4.06%	8.97%
CA	2.10%	8.85%
SC	0.50%	8.66%
FL	1.00%	8.39%
KY	0.00%	8.32%
UT	1.50%	7.55%
AR	2.38%	7.40%
MS	0.25%	7.19%
OR	0.00%	7.00%
TN	2.25%	6.67%
IA	1.50%	6.44%
AK	2.50%	6.09%
ID	0.00%	5.90%
PA	0.83%	5.89%
AL	4.00%	5.00%
SD	1.86%	4.00%
ND	1.00%	3.85%
AZ	2.25%	3.70%
WY	1.50%	3.64%
NV	0.75%	3.49%
IN	0.00%	3.31%
RI	0.00%	3.00%
OH	1.50%	1.50%
NM	1.31%	1.31%
WI	0.60%	1.06%
MN	0.50%	0.50%
CT	0.00%	0.00%
DE	0.00%	0.00%
HI	0.00%	0.00%
MA	0.00%	0.00%
ME	0.00%	0.00%
MT	0.00%	0.00%
NH	0.00%	0.00%
NJ	0.00%	0.00%
VT	0.00%	0.00%
WA DC	0.00%	0.00%
Average	1.28%	6.59%

Total State Tax Rate

State	Gen. Bus.	Telco
RI	7.00%	15.81%
WA DC	5.75%	14.24%
TX	6.25%	14.17%
WV	6.00%	13.81%
NE	5.50%	13.65%
PA	6.00%	11.44%
MD	5.00%	10.41%
KS	5.30%	10.20%
WA	6.97%	9.93%
FL	6.00%	9.76%
IL	6.25%	9.64%
MA	5.00%	9.30%
OH	6.00%	9.05%
NJ	6.00%	8.74%
WY	4.00%	8.45%
AR	6.00%	8.33%
NY	4.38%	8.32%
NH	0.00%	8.31%
MN	6.50%	8.26%
AZ	5.60%	8.05%
HI	4.00%	8.04%
CT	6.00%	8.01%
OK	4.50%	7.97%
IN	6.00%	7.85%
ND	5.00%	7.67%
MS	7.00%	7.44%
NM	5.00%	7.28%
VT	6.00%	7.27%
TN	7.00%	7.19%
MI	6.00%	7.00%
CO	2.90%	6.98%
AL	4.00%	6.93%
DE	0.72%	6.88%
UT	4.75%	6.81%
KY	6.00%	6.54%
NC	4.50%	6.47%
ME	5.00%	6.37%
OR	0.00%	6.20%
WI	5.00%	6.07%
SC	5.00%	5.99%
MT	0.00%	5.98%
IA	5.00%	5.00%
MO	4.23%	4.98%
SD	4.00%	4.58%
GA	4.00%	4.49%
LA	4.00%	3.50%
AK	0.00%	3.44%
CA	6.00%	3.43%
VA	3.50%	2.78%
NV	6.50%	0.48%
ID	5.00%	0.26%
	4.83%	7.64%

Total Tax Rate

State	Gen. Bus.	Telco
VA	4.50%	29.77%
MD	5.00%	27.31%
TX	8.25%	25.29%
NE	6.50%	25.22%
MO	6.92%	23.79%
WV	6.00%	23.46%
KS	6.75%	22.33%
IL	8.00%	20.95%
MI	6.00%	20.15%
OK	8.45%	19.97%
WA	9.03%	19.26%
NC	7.50%	18.83%
RI	7.00%	18.81%
FL	7.00%	18.15%
GA	7.00%	17.90%
PA	6.83%	17.33%
NY	8.44%	17.29%
AR	8.38%	15.73%
KY	6.00%	14.86%
SC	5.50%	14.65%
MS	7.25%	14.63%
UT	6.25%	14.36%
WA DC	5.75%	14.24%
CO	8.00%	14.15%
TN	9.25%	13.86%
OR	0.00%	13.20%
LA	9.00%	12.78%
CA	8.10%	12.28%
WY	5.50%	12.09%
AL	8.00%	11.93%
AZ	7.85%	11.75%
ND	6.00%	11.52%
IA	6.50%	11.44%
IN	6.00%	11.16%
OH	7.50%	10.55%
AK	2.50%	9.53%
MA	5.00%	9.30%
MN	7.00%	8.76%
NJ	6.00%	8.74%
NM	6.31%	8.59%
SD	5.86%	8.58%
NH	0.00%	8.31%
HI	4.00%	8.04%
CT	6.00%	8.01%
VT	6.00%	7.27%
WI	5.60%	7.13%
DE	0.72%	6.88%
ME	5.00%	6.37%
ID	5.00%	6.16%
MT	0.00%	5.88%
NV	7.25%	3.97%
	6.12%	14.17%

Total Tax Rate Incl. Fed

State	Gen. Bus.	Telco
VA	4.50%	33.77%
MD	5.00%	31.31%
TX	8.25%	29.29%
NE	6.50%	29.22%
MO	6.92%	27.79%
WV	6.00%	27.46%
KS	6.75%	26.33%
IL	8.00%	24.95%
MI	6.00%	24.15%
OK	8.45%	23.97%
WA	9.03%	23.26%
NC	7.50%	22.83%
RI	7.00%	22.81%
FL	7.00%	22.15%
GA	7.00%	21.90%
PA	6.83%	21.33%
NY	8.44%	21.29%
AR	8.38%	19.73%
KY	6.00%	18.86%
SC	5.50%	18.65%
MS	7.25%	18.63%
UT	6.25%	18.36%
WA DC	5.75%	18.24%
CO	8.00%	18.15%
TN	9.25%	17.86%
OR	0.00%	17.20%
LA	9.00%	16.78%
CA	8.10%	16.28%
WY	5.50%	16.09%
AL	8.00%	15.93%
AZ	7.85%	15.75%
ND	6.00%	15.52%
IA	6.50%	15.44%
IN	6.00%	15.16%
OH	7.50%	14.55%
AK	2.50%	13.53%
MA	5.00%	13.30%
MN	7.00%	12.76%
NJ	6.00%	12.74%
NM	6.31%	12.59%
SD	5.86%	12.58%
NH	0.00%	12.31%
HI	4.00%	12.04%
CT	6.00%	12.01%
VT	6.00%	11.27%
WI	5.60%	11.13%
DE	0.72%	10.88%
ME	5.00%	10.37%
ID	5.00%	10.16%
MT	0.00%	9.88%
NV	7.25%	7.97%
	6.12%	18.17%

COST TELECOMMUNICATIONS TAX STUDY

Local Tax Bases

State	Gen. Bus.	Telco
OK	576	576
VA	95	524
MO	1	249
MS	1	132
OR	0	83
KY	1	35
MD	0	28
NM	1	18
CA	1	15
AZ	13	14
NV	1	12
CO	9	9
WA	3	6
NY	1	5
TN	1	5
LA	64	4
SC	2	4
AR	2	3
PA	2	3
AK	1	3
GA	1	3
IA	1	3
IL	1	3
KS	1	3
TX	1	3
WI	1	3
ID	2	2
AL	1	2
FL	1	2
ND	1	2
NE	1	2
UT	1	2
MI	0	2
SD	0	2
WV	0	2
NC	2	1
MN	1	1
OH	1	1
WY	1	1
IN	0	1
CT	0	0
DE	0	0
HI	0	0
MA	0	0
ME	0	0
MT	0	0
NH	0	0
NJ	0	0
RI	0	0
VT	0	0
WA DC	0	0
Average	16	35
Total	793	1,769

State Tax Bases

State	Gen. Bus.	Telco
WA	2	6
IL	1	6
RI	1	6
AZ	1	5
DE	1	5
LA	1	5
MD	1	5
NM	1	5
NY	1	5
WA DC	1	5
WV	1	5
AR	1	4
CT	1	4
FL	1	4
GA	1	4
HI	1	4
IN	1	4
KY	1	4
MN	1	4
MS	1	4
NV	1	4
OH	1	4
PA	1	4
SC	1	4
WI	1	4
AK	0	4
NH	0	4
AL	1	3
KS	1	3
MI	1	3
MO	1	3
NC	1	3
ND	1	3
NJ	1	3
TN	1	3
UT	1	3
VA	1	3
VT	1	3
OR	0	3
CA	1	2
ID	1	2
MA	1	2
ME	1	2
NE	1	2
CO	1	1
IA	1	1
OK	1	1
SD	1	1
TX	1	1
WY	1	1
MT	0	1
	1	3
	48	175

Total Tax Bases

State	Gen. Bus.	Telco
OK	577	577
VA	96	527
MO	2	252
MS	2	136
OR	0	86
KY	2	39
MD	1	33
NM	2	23
AZ	14	19
CA	2	17
NV	2	16
WA	5	12
CO	10	10
NY	2	10
LA	65	9
IL	2	9
SC	3	8
TN	2	8
AR	3	7
PA	3	7
GA	2	7
WI	2	7
AK	1	7
WV	1	7
FL	2	6
KS	2	6
RI	1	6
AL	2	5
MN	2	5
ND	2	5
OH	2	5
UT	2	5
DE	1	5
IN	1	5
MI	1	5
WA DC	1	5
ID	3	4
NC	3	4
IA	2	4
NE	2	4
TX	2	4
CT	1	4
HI	1	4
NH	0	4
NJ	1	3
SD	1	3
VT	1	3
WY	2	2
MA	1	2
ME	1	2
MT	0	1
	16	38
	841	1,944

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COST TELECOMMUNICATIONS TAX STUDY

Total # Returns

State	Gen. Bus.	Telco
NY	12	5,632
WA	549	4,446
IL	12	3,305
KY	12	3,253
VA	12	3,174
TX	12	3,107
CA	611	2,440
NE	12	2,261
GA	12	1,945
CO	50	1,420
AR	269	1,259
IA	12	1,148
AL	266	1,146
WV	12	1,142
TN	3,936	1,135
NC	0	1,096
OR	0	1,017
LA	831	1,011
PA	12	994
KS	12	864
MS	24	845
FL	12	830
SC	280	675
AK	7	659
ND	12	589
IN	12	346
ID	77	319
SD	12	271
WI	12	267
AZ	168	216
NV	12	194
NM	12	120
MI	12	113
WY	12	107
MD	12	89
MN	25	76
UT	12	65
RI	12	43
WA DC	12	43
NH	0	40
DE	12	38
ME	12	25
VT	12	25
CT	12	24
MT	0	20
NJ	12	17
HI	12	16
OH	12	16
MA	12	14
MO	12	12
OK	12	12
Average	147	940
Total	7,501	47,921

Total # Taxing Juris.

State	Gen. Bus.	Telco
IL	131	1,204
TX	1	1,012
IA	867	963
WA	519	848
AR	538	835
CA	608	824
MO	781	781
NY	86	588
OK	577	577
NE	0	572
CO	519	519
GA	160	481
TN	328	425
SD	275	339
SC	269	326
VA	96	316
FL	68	312
AL	231	307
NM	274	295
UT	275	275
KY	1	272
KS	1	262
PA	108	182
LA	64	177
ND	100	134
WI	55	124
AZ	102	102
MS	2	97
WV	1	93
AK	98	92
NC	0	92
MI	1	88
IN	1	84
OR	0	84
NV	1	64
WY	24	42
ID	11	32
MD	1	25
MN	12	15
CT	1	4
NH	0	4
OH	1	2
DE	1	1
HI	1	1
MA	1	1
ME	1	1
NJ	1	1
RI	1	1
VT	1	1
WA DC	1	1
MT	0	1
	141	272
	7,196	13,879

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COST TELECOMMUNICATIONS TAX STUDY

Real Prop Eff Rate

State	Gen. Bus.	Telco
IL	5.00%	5.00%
MN	4.90%	4.90%
NY	2.99%	4.73%
AZ	4.20%	4.20%
KS	2.98%	3.94%
MO	3.77%	3.77%
NJ	3.62%	3.62%
RI	3.42%	3.42%
IA	3.40%	3.40%
MT	1.67%	3.34%
CT	3.28%	3.28%
SC	3.14%	3.14%
MA	3.13%	3.13%
PA	2.50%	3.09%
OH	2.98%	2.98%
MS	2.93%	2.93%
WI	2.67%	2.86%
TX	2.70%	2.70%
OK	1.29%	2.67%
MI	3.18%	2.54%
VT	2.47%	2.47%
ME	2.45%	2.45%
IN	2.35%	2.35%
CO	1.46%	2.23%
FL	2.34%	2.15%
SD	2.15%	2.15%
LA	2.05%	2.05%
NH	2.01%	2.01%
NE	1.91%	1.90%
WA DC	1.85%	1.85%
MD	1.84%	1.84%
ID	1.70%	1.70%
TN	1.25%	1.67%
AL	1.00%	1.50%
GA	1.42%	1.42%
AK	1.41%	1.41%
KY	1.40%	1.40%
VA	1.33%	1.33%
OR	1.30%	1.30%
WA	1.30%	1.30%
AR	1.22%	1.22%
UT	1.20%	1.20%
NM	1.17%	1.17%
NV	1.11%	1.11%
CA	1.10%	1.10%
DE	1.08%	1.08%
NC	1.01%	1.01%
WY	0.65%	0.79%
WV	0.48%	0.48%
ND	2.25%	0.00%
HI	1.91%	0.00%
Average	2.19%	2.26%

Tangible Prop Eff Rate

State	Gen. Bus.	Telco
MD	4.44%	4.44%
RI	4.22%	4.22%
AZ	4.20%	4.20%
KS	2.98%	3.94%
MO	3.77%	3.77%
WA DC	3.40%	3.40%
MT	1.67%	3.34%
CT	3.28%	3.28%
SC	3.14%	3.14%
MA	3.13%	3.13%
MS	2.93%	2.93%
WI	2.67%	2.86%
NJ	0.00%	2.76%
ME	2.45%	2.70%
TX	2.70%	2.70%
OK	1.39%	2.67%
MI	3.18%	2.54%
VT	2.47%	2.37%
IN	2.35%	2.35%
CO	1.46%	2.23%
FL	2.34%	2.15%
SD	0.00%	2.15%
OH	2.13%	2.13%
LA	2.05%	2.05%
NE	1.91%	1.90%
ID	1.70%	1.70%
TN	1.25%	1.67%
AL	1.00%	1.50%
GA	1.42%	1.42%
AK	1.41%	1.41%
KY	1.40%	1.40%
VA	3.70%	1.33%
OR	1.30%	1.30%
WA	1.30%	1.30%
AR	1.22%	1.22%
UT	1.20%	1.20%
NM	1.17%	1.17%
NV	1.11%	1.11%
CA	1.10%	1.10%
NC	1.01%	1.01%
WY	0.65%	0.79%
WV	0.48%	0.48%
DE	0.00%	0.00%
HI	0.00%	0.00%
IA	0.00%	0.00%
IL	0.00%	0.00%
MN	0.00%	0.00%
ND	0.00%	0.00%
NH	0.00%	0.00%
NY	0.00%	0.00%
PA	0.00%	0.00%
	1.70%	1.85%

Eff. Tax Rate on Intang Value

State	Gen. Bus.	Telco
KS	0.00%	3.94%
MT	0.00%	3.34%
OK	0.00%	2.67%
MI	0.00%	2.54%
CO	1.46%	2.23%
SD	0.00%	2.15%
NE	0.00%	1.90%
TN	0.00%	1.67%
AL	0.00%	1.50%
KY	0.00%	1.40%
OR	0.00%	1.30%
AR	0.00%	1.22%
UT	0.00%	1.20%
WY	0.00%	0.79%
FL	0.15%	0.10%
AK	0.00%	0.00%
AZ	0.00%	0.00%
CA	0.00%	0.00%
CT	0.00%	0.00%
DE	0.00%	0.00%
GA	0.00%	0.00%
HI	0.00%	0.00%
IA	0.00%	0.00%
ID	0.00%	0.00%
IL	0.00%	0.00%
IN	0.00%	0.00%
LA	0.00%	0.00%
MA	0.00%	0.00%
MD	0.00%	0.00%
ME	0.00%	0.00%
MN	0.00%	0.00%
MO	0.00%	0.00%
MS	0.00%	0.00%
NC	0.00%	0.00%
ND	0.00%	0.00%
NH	0.00%	0.00%
NJ	0.00%	0.00%
NM	0.00%	0.00%
NV	0.00%	0.00%
NY	0.00%	0.00%
OH	0.00%	0.00%
PA	0.00%	0.00%
RI	0.00%	0.00%
SC	0.00%	0.00%
TX	0.00%	0.00%
VA	0.00%	0.00%
VT	0.00%	0.00%
WA	0.00%	0.00%
WA DC	0.00%	0.00%
WI	0.00%	0.00%
WV	0.00%	0.00%
	0.03%	0.55%

Telecommunication Specific Legislative Activity Since 2001

The following list identifies significant state and local legislation enacted since the 2001 State Study. These changes are reflected in the state detail sheets.

2002 **Illinois –** enacted the Simplified Municipal Telecommunications Act replacing three municipal taxes with a centrally administered "simplified municipal telecommunications tax" for all jurisdictions other than the City of Chicago.

2003 **Ohio –** enacted legislation repealing the gross receipts tax imposed upon local exchange carriers and phasing down the disparate property tax assessment ratio.
Utah – enacted legislation that standardized the municipal license tax base, provided for central collection of the locally collected 911 taxes and the city business license taxes and provided for a "cost-based" access to the right of way policy.
South Dakota – enacted legislation imposing a 4% gross receipts tax on providers of wireless telecommunications services.
Pennsylvania – enacted legislation expanding the 5% gross receipts tax base to interstate receipts and also extending the tax to providers of wireless telecommunications services.
Texas – extended the TIF, which was set to expire in 2003.
Oregon – several cities begin imposing local taxes at rates as high as 9% on telecommunications services provided within the city.

2004 **Virginia –** enacted legislation eliminating the sales tax exemption applicable to telecommunications equipment.
Virginia – enacted telecommunications reform legislation requiring a study and the drafting of statutory changes to eliminate local taxes and to create one statewide tax.
California – increased city 911 fees.
Maine – enacted legislation converting its sales tax as applied to telecommunications to a gross receipts type tax.
Maryland – City of Baltimore - passed an ordinance changing the 12% tax on local exchange service to a $3.50 per line charge and extended the tax to each cell phone sourced within the city limits.
Rhode Island – enacted legislation imposing a second 911 fee of $.26 per wireless phone to support the funding needed to deploy GPS location equipment.
South Carolina – the cap on the business license tax for telecommunication service was increased from .75% to 1% for license year 2004 and beyond.
New Jersey – enacted legislation imposing a 911 tax of 90 cents per line on both landline and wireless services.
New York – enacted legislation authorizing counties to impose an additional E911 tax on wireless services.

Methodology and Assumptions

Methodology

The data used to compile this 2004 State Study is true and accurate to the best knowledge of the COST Telecommunications Tax Task Force members who participated in its preparation. COST cannot and does not attest that the data is absolutely precise. However, COST believes that the data reasonably reflects the existing state and local tax burden imposed on the telecommunications industry.

The participants in the Study identified and quantified each element of the taxing process for sales of tangible personal products (general business) and certain taxable services (telecommunications). The analysis also includes identification of vendors' collection allowances and sales tax equipment exemptions. The participants also identified the applicable property tax rates applied to property, including any exemptions that would impact the effective tax rate. The Study does not include income taxes. For each state, the study contains a worksheet that shows:

Transaction Taxes and Fees:

- A list of taxes that apply
- Whether the tax applies to telecommunications and/or general business
- Whether the tax is imposed on the business or customer
- Applicable tax rates (or ranges of rates) or amounts imposed
- Average Effective Rate: Averages the tax rate in the largest city and the capital city. If the tax only applies in one jurisdiction, the average effective tax rate is half of the rate that applies in the one jurisdiction.
- Statutory Citation for each tax
- Applicable tax base for each tax (in very general terms)
- Number of taxing jurisdictions applying each tax
- Number of returns required for each tax each year
- Whether local tax bases are consistent for a tax (from local jurisdiction to local jurisdiction)
- Whether local tax exemptions from the taxes are consistent
- Dollar amount of vendor's comp on $1 million of tax (if applicable)

Property Taxes

- A list of taxes that apply
- Telecommunications Adjusted Rate (Averages the tax rate in the largest city and the capital city) less rate reduction due to credit
- General Business Effective Rate
- Whether the business is centrally or locally assessed
- The methodologies used to determine the fair market values of property
- The effective tax rates applied to real, tangible personal and intangible property

Equipment Exemptions (for both Property and Sales Taxes)

- Description of property (Towers, Poles, etc.)
- Whether the property is classified as real or personal
- Whether property is exempt or is credit available
- Whether exemption is limited to regulated or public utility customers
- Whether manufacturers have an exemption for equipment purchases

Summary Sheets

The results of the individual state studies were input into worksheets that group the data by state for both general business and telecommunications businesses. The state-by-state summary data highlights:

- The number of state and local taxes (i.e., counts the different types of taxes)
- The state and local effective tax rates
- The total effective tax rate including federal taxes
- The number of state and local tax bases
- The number of returns the businesses must file each year
- The number of different taxing jurisdictions
- The effective property tax rates for real, tangible personal and intangible property (taking into account assessment ratios and rates)

The state by state summary data is sorted and incorporated into several graphs. Two sets of graphs are included. The first set includes comparative data for the top ten highest states (e.g., the ten states with the highest applicable parameter for telecommunications). The second set includes comparative data for the top ten most populous states (based on 2000 population data).

The summary data is also included in comparison charts that show the results of each parameter by state. The side-by-side comparisons highlight a few parameters where general business has a worse result than telecommunications. For example, general business may pay a tax or fee that telecommunications does not (due to another tax or fee applying in lieu of the tax or fee). In a couple of instances, the administrative burden on general business may be greater for a particular tax. New for the 2004 State Study are charts comparing key findings on tax rates and number of returns from this study with findings from the 2001 State Study.

Assumptions

For each state, the 2004 State Study assumes that the telecommunications business is a statewide service provider and the general business has a store in each taxing jurisdiction. Thus, the study attempts to identify each transaction tax or fee and the property tax applicable in each local jurisdiction in the state (as well as the state level taxes and fees and exemptions).

Given the complexity of the taxation of telecommunications and in order to compare the data, various assumptions were made. Because state and local taxing jurisdictions frequently do not tax all types of telecommunications uniformly, if any segment of the telecommunications industry is taxed, the average of the tax in the largest city and capital city on such service is included in the summary. Note that if the capital is also the state's largest city, the capital city and second-largest city are used for this purpose.

For example, if only local telecommunications service is taxed (not long distance or wireless service), the average effective tax on local service is included in the data.

Similarly, to the extent local jurisdictional tax rates vary, the average effective rates are included. Because there are many taxes and fees that are applied on an access line basis (e.g., many 911 fees), such flat amounts were converted to percentages based on average monthly residential bills (wireline data was captured as of May 2004 and wireless data as of December 2003). The average monthly residential bills used for this study are: A) Wireline Only: $20.23; B) Wireless Only: $49.91; C) Both Services: $35.07.

Changes from Prior State Studies

Listed below are several changes between the methodologies used in compiling the 2004 State Study and the earlier versions of this study. These changes should be considered when comparing the two studies:

A) Effective Tax Rate (for taxes designated as local):

1999 State Study: Highest Tax Rate imposed on such a service among all local jurisdictions is generally used for comparison purposes.

2000, 2001 & 2004 State Studies: Used an average of the largest (most populous) city and the capital city for comparison purposes.

B) Flat Taxes and Fees:

1999 State Study: Flat amounts were converted to percentages based on average monthly residential bills for 1998. (Wireline: $17.41, Wireless: $39.43, Both Services: $28.42)

2000 State Study: Flat amounts were converted to percentages based on average monthly residential bills for 1999. (Wireline: $17.42, Wireless: $41.24, Both Services: $29.33)

2001 State Study: Flat amounts were converted to percentages based on average monthly residential bills for 1998. (Wireline: $17.42, Wireless: $45.27, Both Services: $31.35)

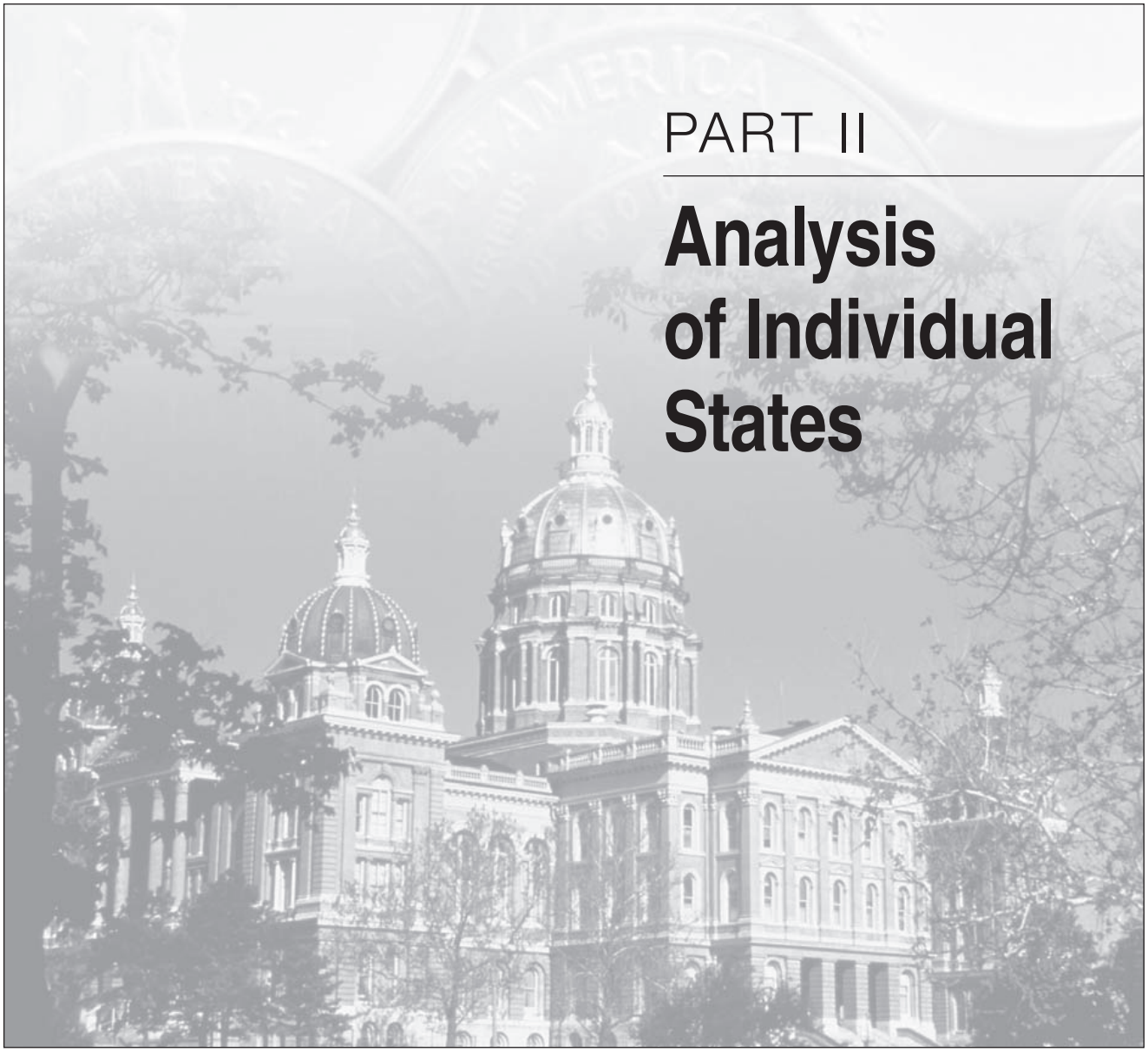
2004 State Study: Flat amounts were converted to percentages based on average monthly residential bills for 2003. (Wireline: $20.23, Wireless: $49.91, Both Services: $35.07)

Because of this change in methodology, flat tax amounts, which remained the same, may result in different effective tax rates.

C) Adjusted Property Tax Effective Rate:

1999 State Study: Effective Tax Rate was not adjusted for a reduction due to incentive type credits.

2000, 2001 & 2004 State Studies: Effective Tax Rate is adjusted for a reduction due to incentive type credits (listed under column "Adjusted Effective Rate").



PART II

Analysis of Individual States

State: Alabama

Prepared by (name and company): Tom Jankowski / Jon Stokes (Cingular Wireless) and Elliott Thompson (BellSouth)

Cities used to Calculate Local Average Effective Rate:
Capital City: Montgomery
Largest City: Birmingham

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
Utility tax	6.00%	6.00%	40-21-86	Y	N	B	A,B,C	R	N/A	1	12	12	N/A	N/A	N/A	$ 9,000	
911 tax	5% Max	5.00%	11-98-7	Y	N	C	C	A	Y	74	12	888	Y	N	N	Varies	Total number of jurisdictions obtained from Vertex.
Wireless 911	$0.70/month	1.40%	11-98-7	Y	N	C	N/A	A	N/A	1	12	12	N/A	N/A	N/A	$ 10,000	
PUC Fee-RCC	0.185%	0.185%	37-2-41(b)	Y	N	B	B,C	S	N/A	1	4	4	N/A	N/A	N/A	N	
License Fee/tax	Max $15,000	-	40-21-50	Y	Y	B	N/A	S	Y	230	1	230	Y	N	N	N	Does not include fixed fee licenses at the local level.
State sales tax-equipment	4.00%	4.00%	40-23-26	N	Y	C	N/A	R	N/A	1	12	12	N/A	N/A	N/A	$900 Max per return	
Local Sales Tax-Equipment	0%-4%	4.00%	40-23-26	N	Y	C	N/A	R	N (see note)	2	12	24	Y	N	N	$ 10,630	In most instances, tax return is filed with the ADOR or Alatax.
Dual Party Relay	0.15 per access line	0.74%	37-1-80.2	Y	N	C	N/A	R	N/A	1	12	12	N/A	N/A	N/A	N	
												0					
												0					
												0					
												0					
												0					
												0					
												0					

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	1.500%	0.00%	1.50%	C	Mixture	1.00%	L	C,I,M	See Footnote 1.
Tang. Pers. Prop.	1.500%	0.00%	1.50%	C	Mixture	1.00%	L	C	See Footnote 1.
Intang. Pers. Prop.	1.500%	0.000%	1.50%	N/A	N/A	N/A	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N		R	N	N	
Poles/wires/conduits	P	N	N		R	See Note	N	Reduced tax rate applies.
COE	P	N	N		P	See Note	N	Reduced tax rate applies.
Mfg equipment	P	N	N		P	See Note	N	Reduced tax rate applies.
Cell site/switches	P	N	N		P	See Note	N	Reduced tax rate applies.
Broadband eqmt.	P	N	N		P	See Note	N	Reduced tax rate applies.

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. Wireless - Assessments for wireless companies are done locally based on original cost less scheduled depreciation. Assessment ratio for wireless is 20%.
2. Wireline - Centrally assessed by the State using a unit approach. Assessment ratio is 30%.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
ALABAMA	2	1	4.00%	4.00%	1	1	266	231	1.00%	1.00%	N/A	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
2	3	5.00%	6.93%	2	3	1,146	307	1.50%	1.50%	1.50%	-	1

State: Alaska

Prepared by (name and company): Robert Cole (Sprint) and John McNamara (AT&T)

Cities used to Calculate Local Average Effective Rate:
Capital City: Juneau
Largest City: Anchorage

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
911 tax	$.50-$.75	1.78%	A.S. 29.35.131	Y	N	C	per access line		Y	7	12	84	Y	N	N	$ 10,000	See Footnotes 1, 2 and 4.
State USF (AK Universal Service Admin. Co.)	0.960%	0.960%	A.S. 42.05.840	Y	N	B	B,C	R		1	12	12					
Universal Access (Telecom Relay Service)	$.27 or $.54	1.33% or 2.67%	A.S. 42.05.296(a)	Y	N	C	per access line			1	12	12					$.27 for res. & 1-line bus.; $.54 for multi-line bus. See Footnote 3.
Pub. Utility Reg. Cost Charge - Local Exchange	1.731%	1.290%	A.S. 42.05.254	Y	N	B	C	A		1	4	4					
Pub. Utility Regulatory Cost Charge - IXC	1.297%	1.297%	A.S. 42.05.255	Y	N	B	B	A		1	4	4					
Local Utility Taxes	8%	0.00%	A.S. 29.35.010	Y	N	C	C (intracity)		Y	1	4	4					City of Anderson is only city with a local utility tax
Local Sales Taxes	1% - 7%	2.50%	A.S. 29.45.650-29.45.710	Y	Y	C	A,B,C		Y	80	6.7	539	Y	Y	Y	max. $50 (Juneau)	Anchorage has no sales tax; Juneau sales tax = 5% (remitted monthly). See Footnotes 5, 6 and 7.

Footnotes:
1. For municipalities >100,000 population, surcharge may not exceed $.50; if population <100,000, surcharge may not exceed $.75 (A.S. 29.35.131(a))
2. Surcharge applies to a maximum of 100 lines per customer.
3. Surcharge remitted directly to the provider of TRS service, GCI Communications Corp.
4. Effective 10/01, wireless service will also become subject to the 911 tax. See note regarding this law change below.
5. Some jurisdictions require quarterly remittance; some monthly. The number given is an average based upon a represenative sample.
6. 98 jurisdictions charge a general sales tax. Of these, 18 do not apply to telco.
7. According to Juneau Sales Tax Administatrator, all telephone calls that are billed to an address within the city and borough of Juneau would be subject to the sales tax.

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	1.41%	0.00%	1.41%	L	M	1.35%	L	M	Juneau = 1.164%; Anchorage = 1.161% (average of 43 tax districts)
Tang. Pers. Prop.	1.41%	0.00%	1.41%	L	M	1.35%	L	M	
Intang. Pers. Prop.	0.00%	0.00%	0.00%						

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	(E1)	N	N/A			N (Juneau)	N/A	Anchorage has no general sales tax.
Poles/wires/conduits	(E1)	N	N/A			N (Juneau)	N/A	Anchorage has no general sales tax.
COE	(E1)	N	N/A			N (Juneau)	N/A	Anchorage has no general sales tax.
Mfg equipment	(E1)	Y (Juneau)	N	Juneau: New equipment exempt 100% year 1, 80% year 2 declining to 20% year 5. 100% taxable after that.		N (Juneau)	N/A	Anchorage has no general sales tax.
Cell site/switches	(E1)	N	N/A			N (Juneau)	N/A	Anchorage has no general sales tax.
Broadband eqmt.	(E1)	N	N/A			N (Juneau)	N/A	Anchorage has no general sales tax.

(E1) If an item can be taken out of a structure without tools, not built in, it will normally be personal. Since real and personal property are taxed at the same rate, the distinction is not important.

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

* Alaska HB 186 (signed into law 7/01) amends A.S. 29.35.131(a) to expand the 911 tax to wireless telephone service. Beginning 10/1/01, municipalities with populations over 100,000 may impose a fee of $.50 per each wireless phone, and municipalities smaller than 100,000 may impose a fee of up to $.75 per phone.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
ALASKA	1	0	2.50%	0.00%	1	0	7	98	1.41%	1.41%	0.00%	1	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
3	4	6.09%	3.44%	3	4	659	92	1.41%	1.41%	0.00%	-	-

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State: Arizona

Prepared by (name and company): Jan Hill (Quest Communications) and Andy Ottinger (Level 3 Communications)

Cities used to Calculate Local Average Effective Rate:
Capital City: Phoenix
Largest City: Tucson

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State Trans. Privilege	5.60%	5.60%	ARS 42-5064	Y	Y	B	B	A	N/A	1	12	12	N/A	N/A	N/A	Y See Footnote 3.	
911 Tax	$.37 per line	1.05%	ARS 42-5252(A)(1)	Y	N	B	N/A	A	N/A	1	12	12	N/A	N/A	N/A	N	To decrease to $0.28 effective July 1, 2006.
County Trans. Priv.	varies 0%-1%	0.35% (6)	ARS 42-6104	Y	Y	B	B	A	N	14	12	12	Y	N	N	N	See Footnote 1.
City Telecommun.*	varies .5%-5.0% (2)	3.35% (7)		Y	N	B	B	A	Y	14	12	168	Y	N	N	N	See Footnote 1.
City Retail Sales	varies 0%-2.5%	1.9% (8)	§2 Art. 13 AZ Const.D379-284 ARS	N	Y	B	N/A	A	Y	14	12	168	Y	N	N	N	See Footnote 1.
TDD (deaf tax)	1.10%	1.10%	ARS 42-5252(A)(4)	Y	N	B	N/A	A	N/A	1	12	12	N/A	N/A	N/A	N	Applies to wireline only.
Universal Service	varies (5)	0.18%	AAC R14-2-1204	Y	N	B	N/A	A	N/A	1	12	12	N/A	N/A	N/A	N	
PUC fee (9)	assessed	0.20%	ARS §40-401(A)	Y	N	B	B	P	N/A	1	1	1	N/A	N/A	N/A	N	Applies to wireline only.

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	4.20%	0.00%	4.20%	C	C	4.20%	L	C	
Tang. Pers. Prop.	4.20%	0.00%	4.20%	C	C	4.20%	L	C	See Footnote 10.
Intang. Pers. Prop.		N/A	N/A			N/A			

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	N	N/A		R	Y	N	ARS §42-5061(B)(1), ARS §42-5159(B)(3).
Poles/wires/conduits	P	N	N/A		P	Y	N	ARS §42-5061(B)(1), ARS §42-5159(B)(3).
COE	P	N	N/A		P	Y	N	ARS §42-5061(B)(1), ARS §42-5159(B)(1).
Mfg equipment	P	N	N/A		P	Y	N	ARS §42-5061(B)(1), ARS §42-5159(B)(1).
Cell site/switches	P	N	N/A		P	Y	N	ARS §42-5061(B)(1), ARS §42-5159(B)(3).
Broadband eqmt.	P	N	N/A		P	Y	N	ARS §42-5061(B)(1), ARS §42-5159(B)(3).

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

* = also known as a City Transaction Priviledge Tax
1. 13 cities provide for local filing of city transaction privilege taxes. Transaction privilege tax for the remaining cities are filed at the state level. Transaction privilege tax for the 14 counties are also filed at the state level.
2. Ranges between 0% to 5.0% (City of Glendale is max).
3. Vendor compensation permitted at state level but capped at $10,000 per year for all related entities. ARS § 42-5017.
4. The City of Phoenix impose a 4.7% tax on all telecommunications services and a 1.8% tax on all retail sales. The City of Tuscon imposes a 2.0% tax on all telecommunication services and a 2.0% tax on all retail sales. Both taxes are in addition to the state and county transaction privilege tax.
5. Providers of basic local exchange pay $0.0038 per line, providers of intrastate toll service pay 0.0998% of intrastate toll revenues, wireless pays $.091193 per trunk line connecting to the LEC.
6. Averaged Phoenix (Maricopa County) 0.7% and Tucson (Pima County) 0% = 0.35%.
7. Averaged Phoenix 4.7% and Tucson 2.0% = 3.35%.
8. Averaged Phoenix 1.8% and Tucson 2.0% = 1.9%. Applies to TPP and not telecom services.
9. Also referred to as the Corporation Commission Assessment.A27
10. Telecom has a depreciation floor of 20%, whereas other industries floor is 2% to 10%. DOR has not allowed obsolescence adjustments; however see Quest v. ADOR, (8/27/04).

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CCH INCORPORATED

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
ARIZONA	2	1	2.25%	5.60%	13	1	168	102	4.20%	4.20%	0.00%	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
2	5	3.70%	8.05%	14	5	216	102	4.20%	4.20%	0.00%	-	1

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State: Arkansas

Tax Law in effect on July 1, 2004

Prepared by (name and company): Michelle Mann (ALLTEL) and Andy Ottinger (Level 3 Communications)

Cities used to Calculate Local Average Effective Rate:
Capital City: Little Rock
Largest City: Fort Smith

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (Y or N)	Tax apply to General Business? (Y or N)	Tax imp'd on Bus. Or Cust? (B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service?	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (Y or N)	# of Juris. that apply (if state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (Y or N)	If local tax, do tax bases vary? (Y or N)	If local tax, do tax exemptions vary? (Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.00%	6.00%	26-52-101	Y	Y	C	A,B,C	R		1	12	12				$1,000	1
911 tax (wireline)	5%-12%	5.00%	12-10-303	Y	N	C	B	R	Y	59	12	708	Y	Y	Y*	Y	5,*
911 tax (wireless)	$0.50	1.00%	12-10-318	Y	N	C	B	R		1	12	12				Y	5,*
State USF	0.95%	0.95%	see note 7	Y	N	B	B	P		1	12	12				N	6
PUC Fee-RCC	0.184%	0.184%	23-3-110	Y	N	B	B	S		1	1	1				N	Wireline & Long Distance 8
License Fee/tax												0					
Business Licenses	varies			Y	Y	B			Y	233	1	233	N	Y	N	N	3
Franchise/ROW fees	varies			Y	N	B	# lines		Y	233	1	233	Y	Y	N	N	4
Gross Receipts	n/a											0					
Local Taxes												0					
County Sales Tax	varies	1.125%	26-52-101	Y	Y	C	A,B,C	R	N	71	12	12	Y .50-2.00%	N	N	Y	2
City Sales Tax	varies	1.125%	26-52-101	Y	Y	C	A,B,C	R	N	233	12	12	Y .25-3.00%	N	N	Y	2
												0					
City Long Distance Telecom	0.004/per min.	0.02%	Ordinance 17-361	Y	N	C	A,B	P	Y	1	12	12	N	N	N	N	9
AR Telecom Relay	0.04	0.20%	see note 8	Y	N	C	per line	P		1	12	12				N	7 / WIRELINE
												0					
												0					

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Locally vs. Centr. Admin'd (L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M)	Comments/footnotes:
Real Property	1.21500%	0.00%	1.22%	C	C,I,M	1.21500%	L	C,I,M	
Tang. Pers. Prop.	1.21500%	0.00%	1.22%	C	C,I,M	1.21500%	L	C,I,M	
Intang. Pers. Prop.	1.21500%	0.00%	1.22%	C	C,I,M	0.00000%	N/A	N/A	10

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real v. Personal (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe	Real v. Personal (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		P	N		
Poles/wires/conduits	P	N	N/A		P	N		
COE	P	N	N/A		P	N		
Mfg equipment	P	N	N/A		P	Y		General business only
Cell site/switches	P	N	N/A		P	N		
Broadband eqmt.	P	N	N/A		P	N		

KK

Please list any general comments below that should be noted re: this state. Include a brief description of any law changes taking effect after July 1, 2000 that would change the information above.

Wireline and Wireless Property Tax - Central Assessments are derived from Cost, Income and Market approaches with fixed weighting for each.

Revenue Tax Comments

1. Vendor's compensation is 2% up to a maximum of $1,000.00 per month for state tax.
2. Local Maximum Tax is $2,500.00 per single transaction as defined by local ordinances.
3. Business Licenses (sometimes referred as Business, Privilege, Occupational licenses) base varies between flat fee, employee count and inventory
4. Franchise Tax varies on rate, base, Pass Thru per Franchise agreement.
5. 911 (wireline) tax rate varies as follows: All counties charge 5% of intra-state toll except Franklin and Perry (12% of intra-state toll).
6. Arkansas State Act 77 (Senate Bill 54) established the Arkansas Universal Service Fund. APSC issued Docket No. 97-041-R, Order No. 7, actually creating the Fund.
7. Arkansas Telecommunications Relay, Act 501 of the 1995 Regular Session.
8. This rate varies from year to year. However, all carriers pay the same amount each year.

* If the tax is based on a percentage of intrastate toll, the exempted customers will be exempted from differing amounts; however if the rate is flat, the exempted customers will be exempt from the same amounts.

9. Little Rock, Arkansas long distance fee
10. Intangible personal property is exempt at the local level.

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ARKANSAS	3	1	2.375%	6.00%	2	1	269	538	1.22%	1.22%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
6	4	7.395%	8.334%	3	4	1,259	835	1.22%	1.22%	1.22%	-	-

State: California

Prepared by (name and company): Kristin Goodin (Verizon Communications) and Darrell Torgerson (SBC Communications)

Cities used to Calculate Local Average Effective Rate:
Capital City: Sacramento
Largest City: Los Angeles

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.00%	6.00%	R&TC 6001 et seq	Y	Y	B	NA	A	NA	1	4	4	NA	NA	NA	0	
911 tax - State	0.72%	0.72%	R&TC 41020, 41021	Y	N	C	B	NA	NA	1	12	12	NA	NA	NA	0	
PUC Surcharge - State	0.11%	0.11%	PUC 431	Y	N	C	B	NA	NA	1	1	1	NA	NA	NA	0	
License Fee/tax	Varies	0.10%	R&TC 7284	Y	Y	B	B	S	Y	607	1	607	Y	Y	Y	0	
Local Taxes -UUT	Varies - up to11%	8.75%	Gov't Code 37100.5; R&TC 7284.2	Y	N	C	Varies	NA	Y	150	12	1,800	Y	Y	Y	0	
Deaf Surcharge - State	0.28%	0.28%	PUC 2881	Y	N	C	B	NA	NA	1	4	4	NA	NA	NA	0	
ULTS Surcharge - State	0.50%	0.50%	PUC 874	Y	N	C	B	NA	NA	1	4	4	NA	NA	NA	0	
CHCF- A Surcharge - State	0.30%	0.30%	PUC 739.3	Y	N	C	B	NA	NA	1	4	4	NA	NA	NA	0	
CHCF-B Surcharge - State	1.47%	1.47%	PUC 739.3	Y	N	C	B	NA	NA	1	4	4	NA	NA	NA	0	
Teleconnect Surcharge - S	0.05%	0.05%	PUC 280	Y	N	C	B	NA	NA	1	4	4	NA	NA	NA	0	
Local 911	$1 per line	2.85%	SF Bsns & Tax Reg. Code, sec. 753, 755	Y	N	C	C	NA	Y	1	12	12	N	N	N	0	San Francisco City/County
Local Sales Tax	0-2.5%	2.00%	R&TC 7202, 7285	Y	Y	B	NA	A	N	58	0	0	Y	N	N	0	Local sales tax filed with state return

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	1.10%	0.00%	1.10%	C	C	1.10%	L	C	
Tang. Pers. Prop.	1.10%	0.00%	1.10%	C	C	1.10%	L	C	
Intang. Pers. Prop.	0.00%	0.00%	0.00%	C	C	0.00%	L	C	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	N	NA		P	N	NA	
Poles/wires/conduits	R	N	NA		P	N	NA	
COE	R	N	NA		R	N	NA	
Mfg equipment	P	N	NA		P	N	NA	
Cell site/switches	R	Y	N	SBE policy to make a deduction or allowance for value of processing programs, service programs, data management systems and application programs when valuing switches.	R	N	NA	
Broadband eqmt.	P	N	NA		P	N	NA	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2001 that would change the information above.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
CA	2	1	2.10%	6.00%	1	1	611	608	1.10%	1.10%	0.00%	1	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
4	7	8.85%	3.43%	15	2	2,440	824	1.10%	1.10%	0.00%	1	1

State: Colorado

Prepared by (name and company): Jan Hill - Qwest Communications

Cities used to Calculate Local Average Effective Rate:
Capital City: Denver
Largest City: Colorado Springs

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
Sales Tax - State	2.90%	2.90%	39-26-106	Y	Y	B	B,C	R	N/A	1	12	12	N/A	N/A	N/A	33,333	Vendor compensation is 3 1/3% with no cap. State sales, RTD, County and State Collected cities are all filed on one return. Interstate access is taxable in Colorado (Rev Bul 99-27).
Sales Tax - State RTD/CD/FD	0.80%	0.80%	32-9-119	Y	Y	B	B,C	R	N/A	1	12	12	N/A	N/A	N/A	33,333	Same as above.
Sales Tax - County	0.25% - 4.0%	0.85%	29-2-103	Y	Y	B	B,C	R	N	48	12	12	Y	N	Y	33,333	42 of 49 counties allow vendor compensation, (1 @ 0.5%, 2 @ 3%and the rest e @ 3 1/3%).
Sales Tax - City (State Collected)	1.0% - 5.0%	2.00%	29-2-102	Y	Y	B	B,C	R	N	162	12	12	Y	N	Y	33,333	The maximum combined rate for state and local sales taxes is 6.90%(not including RTD or other special purpose taxes). Vendor comp from 0 - 3 1/3%.
Sales & Use Tax Home Rule City	1.0% - 5.0%	3.00%	Article XX, Sec. 6 of the CO Constitution, 29-2-107	Y	Y	B	B,C	R	Y	49	12	588	Y	Y	Y	33,333	Self collected. Some home-rule cities impose sales tax upon interstate telephone service. Vendor comp varies (0%to 3 1/3%), some caps.
Use Tax - State	2.90%	2.90%	39-26-202	Y	Y	C	N/A	N/A	N/A	1	12	12	N/A	N/A	N/A	0	State use tax is filed separate from sales tax.
PUC Fee	0.15%	0.15%	40-2-109	Y	N	B	B,C	P	N/A	1	4	4	N/A	N/A	N/A	0	Rate usually changes quarterly.
License Fee/Tax Occupation Tax	See Comments	4.30%	39-26-103	Y	Y	B	N/A	PUC authorized passthrough (convert to % of revenue)	Y	208	1	208	Y	Y	N/A	0	Imposed as either a flat fee or tax based on number of accounts or lines (excludes wireless). Flat fees and rates vary widely.
Low-Income Telephone Assistance Fund Surcharge	.12 per access line	0.34%	40-3.4-108	Y	N	C	N/A	N/A	N/A	1	1	1	N/A	N/A	N/A	0	If tariff in effect, amount may be included as a separate line item on customer bills. If no tariff in effect, then this surcharge may be included in base rate.
TRS	.06 per access line	0.30%	40-17-103	Y	N	C	N/A	N/A	N/A	1	1	1	N/A	N/A	N/A	0	
911 Excise Tax (City/County)	.28 to 1.00 per line	2.00%	29-11-101	Y	N	C	N/A	N/A	Y	51	12	612	Y	N/A	N/A	20,000	0.70 per line most common charge.
Disabled Users Fund (State)	.10 per line	0.49%	40-17-104	Y	N	C	N/A	N/A	N/A	1	12	12	N/A	N/A	N/A	7,500	Wireless is exempt.
State USF	2.00%	2.00%	40-15-502	Y	N	B	B,C	A	N/A	1	4	4	N/A	N/A	N/A	0	Rate varies by type of providor (e.g., long distance .20 per line, wireless .80 per line).

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.23%	0.00%	2.23%	C	C,M,I	1.46%	L	C,I	
Tang. Pers. Prop.	2.23%	0.00%	2.23%	C	C,M,I	1.46%	L	C	
Intang. Pers. Prop.	2.23%	0.00%	2.23%	C	C,M,I	0.00%	L	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		P	N	N/A	
Poles/wires/conduits	P	N	N/A		P	N	N/A	
COE	P	N	N/A		P	N	N/A	
Mfg equipment	P	N	N/A		P	Y	N	Equipment used "directly and predominantly" in the manufacturing process is exempt from sales tax if the equipment costs more than $500. Colo. Rev. Stat. 39-26-114(11)(a)(II).
Cell site/switches	P	N	N/A		P	N	N/A	
Broadband eqmt.	P	N	N/A		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.
(1) Regarding property tax - commercial property has an assessment ratio of 29%.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
COLORADO	3	2	4.00%	2.90%	9	1	50	519	1.46%	1.46%	1.46%	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
4	6	10.15%	6.98%	9	1	1,420	519	2.23%	2.23%	2.23%	-	-

State: Connecticut

Prepared by (name and company): Robert Cole (Sprint) and Darrell Torgerson (SBC Communications, Inc.)

Cities used to Calculate Local Average Effective Rate:
Capital City: Hartford
Largest City: Bridgeport

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.00%	6.00%	Sec. 12-408, G.S.	Y	Y	B	A,B,C	R	N/A	1	12	12	N/A	N/A	N/A	N/A	See Footnote 1.
911 tax	$0.19 / Access Line	0.94%	Ct Gen. Stat. Sec. 16-256g(a).	Y	N	C	N/A	N/A	N/A	1	4	4	N/A	N/A	N/A	N/A	See Footnote 3.
State USF - Lifeline and Telecom Relay Service	0.7509%	0.7509%	Ct Gen. Stat. Sec. 16-247e	Y	N	B	A,B,C	N/A	N/A	1	4	4	N/A	N/A	N/A	N/A	
PUC Fee	0.3165% (2)	0.3165%	Ct Gen. Stat. Sec. 16-49	Y	N	B	B,C	Silent	N/A	1	4	4	N/A	N/A	N/A	N/A	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	3.28%	0.00%	3.28%	L	M	3.28%	L	M	
Tang. Pers. Prop.	3.28%	0.00%	3.28%	C	C	3.28%	L	C	
Intang. Pers. Prop.	0.00%	0.00%	0.00%	N/A	N/A	0.00%	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		R	N	N/A	
Poles/wires/conduits	P	N	N/A		R	N	N/A	
COE	P	N	N/A		R / P	N	N/A	
Mfg equipment	P	N	N/A		P	Y	N	
Cell site/switches	P	N	N/A		P	N	N/A	
Broadband eqmt.	P	N	N/A		P	Y	N	(1)

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. Effective 07/21/01, exemption for equipment used for high speed data transmission services or broadband internet services that offer the capability to transmit information ar a rate of not less than 200 kilobits per second in at least one direction.
2. Tax based on prior year PUC expenses. Payments made quarterly. Actual expenses reclaculated by the PUC on an annual basis.
3. The 911 tax rate varies based on the number of lines the consumer purchases. The rate used is for a customer purchasing a single line.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
CT	0	1	0.00%	6.00%	0	1	12	1	3.28%	3.28%	0.00%	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
0	4	0.00%	8.01%	0	4	24	4	3.28%	3.28%	0.00%	-	1

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State: Delaware

Prepared by (name and company): Todd Lard - Nextel Communications

Cities used to Calculate Local Average Effective Rate:
Capital City: Dover
Largest City: Wilmington

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	N/A											0					
911 tax	$.60/line	1.710%	Tit. 16 § 10103	Y	N	C	C	A	N	1	12	12	N	N	N	0	
State USF	N/A											0					
PUC Fee-RCC	0.20%	0.20%	Tit. 26 § 115	Y	N	B	B	S	N/A	1	1	1	N/A	N/A	N/A	0	
Franchise/ROW fees	N/A											0					
Gross Receipts/Pub Util	4.25%	4.25%	Tit. 30 § 5502	Y	N	C	B	A	N/A	1	12	12	N/A	N/A	N/A	0	
Occupation & BL/Utility	Flat Fee; see note		Tit. 30 § 4102	Y	N	B	B	S	N/A	1	1	1	N/A	N/A	N/A	0	Rate varies from $.20 to $.60 per mile of wire & $.25 per transmitter.
License Tax (Gross Receipts)	0.72%	0.72%	Tit. 30 § 2905	Y	Y	B	B, C	S	N/A	1	12	12	N/A	N/A	N/A	0	Standard deduction = $50,000. Add'l fee imposed = $75 + $25 for each loc.

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	1.08%	0.00%	1.08%	L	M	1.08%	L	M	
Tang. Pers. Prop.	0.00%	0.00%	0.00%						
Intang. Pers. Prop.	0.00%	0.00%	0.00%						

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	N	N/A		N/A	N/A	N/A	
Poles/wires/conduits	R	N	N/A		N/A	N/A	N/A	
COE	P	N	N/A		N/A	N/A	N/A	
Mfg equipment	P	N	N/A		N/A	N/A	N/A	
Cell site/switches	P	N	N/A		N/A	N/A	N/A	
Broadband eqmt.	P	N	N/A		N/A	N/A	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

Effective January 1, 2002, the E911 was expanded to business and wireless users. The rate was increased to 0.60 and its is now collected at the state level.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
Delaware	0	1	0.00%	0.72%	0	1	12	1	1.08%	0.00%	0.00%	0	0

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
0	4	0.00%	6.88%	0	5	38	1	1.08%	0.00%	0.00%	0	0

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State: Washington, D.C.

Prepared by (name and company): Deborah Bierbaum, AT&T / Julio Duarte, Nextel Communications

Cities used to Calculate Local Average Effective Rate:
Capital City: N/A
Largest City: N/A

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	5.75%	5.75%	§47-2001 *et seq*.	Y	Y	B	C	N/A	N/A	1	12	12	N/A	N/A	N/A	0	Applies only to nonresidential customers.
911 tax	$.76 per exchange access line and wireless telephone number	2.17%	§34-1801 *et seq*.	Y	N	B	C	A	N/A	1	4	4	N/A	N/A	N/A	0	Provider must file quarterly returns; $.62 per Centrex line, and $4.96 per PBX trunk.
Gross Receipts	11.00%	11.00%	§47-3902 *et seq*.	Y	N	B	A,B	A for wirelss service; S as to wireline service	N/A	1	12	12	N/A	N/A	N/A	0	Toll Telecommunications Service Tax. See Footnote 2.
Gross Receipts	11.00%	11.00%	§47-2501 *et seq*.	Y	N	B	C	S	N/A	1	12	12	N/A	N/A	N/A	0	See Footnote 2.
PSC Agency Fund Fee	0.3801%	0.3801%	§34-912	Y	N	B	B,C	S	N/A	1	2	2	N/A	N/A	N/A	0	The fee is based on PSC budgets and relative gross revenue, and is not less than $25,000 for non-incumbent LEC's. See Footnote 1.
Universal Service Fund	1.0775%	1.0775%	§34-2003	Y	N	B	C	S	N/A	1	1	1	N/A	N/A	N/A	0	Revenue is reported annually and payments are made monthly, semi-annually or annually (annual frequency assumed).
												0					

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	1.85%	0.00%	1.85%	L	M	1.85%	L	M	
Tang. Pers. Prop.	3.40%	0.00%	3.40%	L	C	3.40%	L	C	
Intang. Pers. Prop.	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	Y	Y	Personal property owned by telecommunications companies	P	Y	N	Pursuant to Reg. §471, must pay a use tax
Poles/wires/conduits	P	Y	Y	(including wireless companies), except office equipment and	P	Y	N	Pursuant to Reg. §471, must pay a use tax
COE	P	Y	Y	furniture, is exempt from property tax. (§47-1508).	P	Y	N	Pursuant to Reg. §471, must pay a use tax
Mfg equipment	P	N	N/A		P	N	NA	Pursuant to Reg. §471, must pay a use tax
Cell site/switches	P	Y	Y		P	Y	N	Pursuant to Reg. §471, must pay a use tax
Broadband eqmt.	P	Y	Y		P	Y	N	Pursuant to Reg. §471, must pay a use tax

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. PSC Agency Fund Fee rate is composed of 0.1882% for PSC and 0.1919% for Office of Consumer Counsel. Each component has one annual filing; therefore, two annual returns are filed.
2. Effective January 1, 2005, the gross receipts tax on residential wireline and wireless service will be lowered to 10%. Non-residential service will still be taxed at 11%.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
Wash DC	0	1	0.00%	5.75%	0	1	12	1	1.85%	3.40%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
0	5	0.00%	14.24%	0	5	43	1	1.85%	3.40%	0.00%	1	1

State: Florida

Prepared by (name and company): Tom Jankowski / Jon Stokes (Cingular Wireless) and Elliott Thompson (BellSouth)

Cities used to Calculate Local Average Effective Rate:
Capital City: Tallahassee
Largest City: Jacksonville

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
911 Fee	Max $.50 per access line	2.47%	365.171	Y	N	C	N/A	A	Y	67	12	804	Y	N	N	Varies	Total number of jurisdictions obtained from Vertex. Applies to wireline and wireless. Wireless 911 fee is statewide and collected by the state.
PUC Fee -RCC	0.15%	0.15%	25-4.0161	Y	N	B	B and C	S	N/A	1	2	2	N/A	N/A	N/A	N	
Local Sales Tax	0%-2%	1.00%	212.05	N	Y	C	N/A	A	N	67	0	0	Y	N	N	$30 max per return	Filed with state sales tax return
State Sales Tax	6.00%	6.00%	212.05	N	Y	C	N/A	A	N/A	1	12	12	N/A	N/A	N/A	$30 max per return	Filed with state sales tax return
Telecom Relay (TASA)	$.09 per access line	0.44%	427.704	Y	N	C	N/A	A	N/A	1	12	12	N/A	N/A	N/A	N	
State - Sales	6.80%	6.80%	202.11	Y	N	C	A,B,C	A	N/A	1	12	12	N/A	N/A	N/A	7,500	
State - GRT	2.37%	2.37%	202.11	Y	N	C	A,B,C	A	N/A	1	0	0	N/A	N/A	N/A	N/A	Filed with state tax return
Local Communications Services Tax	5.92%	5.92%	202.11	Y	N	C	A,B,C	A	N	242	0	0	Y	N	N	N/A	Filed with state tax return

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.15%	0.00%	2.15%	L	Mixture	2.34%	L	C,I,M	See Footnote 1.
Tang. Pers. Prop.	2.15%	0.00%	2.15%	L	Mixture	2.34%	L	C	See Footnote 1.
Intang. Pers. Prop.	0.10%	0.00%	0.10%	C	C	0.15%	C	C	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N		R	N	N	
Poles/wires/conduits	P	N	N		R	N	N	
COE	P	N	N		P	N	N	
Mfg equipment	P	N	N		P	Y	N	
Cell site/switches	P	N	N		P	N	N	
Broadband eqmt.	P	N	N		P	N	N	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. Wireless - Assessments for wireless companies are done locally based on original cost less scheduled depreciation. Assessments ratio for wireless is 100%.
2. Wireline - Assessments for wireline companies are done locally based upon various methods, mainly involving the cost process. Assessments are based upon 100% of fair market value.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
FLORIDA	1	1	1.00%	6.00%	1	1	12	68	2.34%	2.34%	0.15%	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
2	4	8.39%	9.76%	2	4	830	312	2.15%	2.15%	0.10%	-	-

State: Georgia

Prepared by (name and company): Tom Jankowski / Jon Stokes (Cingular Wireless) and Elliott Thompson (BellSouth)

Reviewed by (name and company): Tom Jankowski / Jon Stokes - Cingular Wireless

Cities used to Calculate Local Average Effective Rate:
Capital City: Atlanta
Largest City: Augusta

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	4.00%	4.00%	48-8-2	Y	Y	C	C	A	N/A	1	12	12	N/A	N/A	N/A	$ 5,075	Inclues telecommunications services and sale of equipment
911 tax	Max $1.50 per access line	7.41%	Local Ordinances	Y	N	C	N/A	A	Y	112	12	1,344	Y	N/A	N/A	Varies	Vertex used to obtain # of jurisdictions. Rate charged is set at county's discretion.
State USF	Varies	N/A	46-5-167	Y	N	B	B,C	A	N/A	1	4	4	N/A	N/A	N/A	N	Expenses allocated to utilities based on gross receipts.
PUC Fee-RCC	0.013%	0.013%	46-2-10	Y	N	B	B,C	S	N/A	1	1	1	N/A	N/A	N/A	N	Expenses of commission allocated to utilities based on intrastate gross receipts.
License Fee/Franchise ROW fees	3%-4% see note	3.00%	48-13-16 46-5-1	Y	N	B	C	A	Y	206	Monthly, quarterly, semiannual, annual	572	Y	Y	N	N	Standard telecom license/franchise 3% of RLSR. Some cities levy license in lieu of franchise. Cellular companies pay under statutory license requirement. Tax for main street business is substantially less.
Local Sales Tax	0%-3%	3.00%	48-8-82	Y	Y	C	C	A	N	159	0	0	Y	N	N	$ 5,075	Filed as part of state sales tax return.
Telephone Relay Service Surcharge	0.10 per access line	0.49%	46-5-30	Y	N	C	N/A	A	N/A	1	12	12	N/A	N/A	N/A	N	
												0					
												0					
												0					
												0					
												0					
												0					

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	1.42%	0.00%	1.42%	C	C,I,M	1.42%	L	C,I,M	See Footnote 1.
Tang. Pers. Prop.	1.42%	0.00%	1.42%	C	C,I,M	1.42%	L	C	See Footnote 1.
Intang. Pers. Prop.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N		R	N	N	
Poles/wires/conduits	P	N	N		R	N	N	
COE	P	N	N		P	N	N	
Mfg equipment	P	N	N		P	Y	N	
Cell site/switches	P	N	N		P	N	N	
Broadband eqmt.	P	N	N		P	N	N	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. Wireless - Assessments for wireless companies are done locally based on original cost less scheduled depreciation.
Assessment ratio for wireless is 40%.
2. Wireline - Centrally assessed by the State using a unit approach. Assessment ratio is 40%.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
GEORGIA	1	1	3.00%	4.00%	1	1	12	160	1.42%	1.42%	N/A	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
3	4	13.41%	4.49%	3	4	1,945	481	1.42%	1.42%	N/A	-	-

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State: Hawaii

Prepared by (name and company): Kristin Goodin - Verizon Communications

Cities used to Calculate Local Average Effective Rate:
Capital City: Honolulu
Largest City: Hilo (Hawaii County)

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax												0					
911 tax	1.55%	1.55%	HRS 269-16.95	Y	N	B	A,B	A		1	1	1				0	$0.27 per line
State USF												0					
PUC Fee-RCC	0.25 - 0.50 of 1% of gross income	0.25%	HRS 269-30(b)	Y	N	B	B	A		1	1	1				0	Assessment billed by HI PUC on receipts subject to the PSC tax. No separate return required.
License Fee/tax												0					
Franchise/ROW fees												0					
Gross Receipts												0					
Local Taxes												0					
Public Service Company Tax - Retail	4.0%* - 8.2%*	5.885%*	HRS 239-5(a)	Y	N	B	B	S		1	1	1				0	* Rate is 4% if counties tax real property of public utility. See Footnote 1.
Public Service Company Tax - Wholesale	3.50%	3.50%	HRS 239-5(c)(2)	Y	N	B	B	S		1	1	1				0	Applies to PSC taxpayer reselling to GET taxpayer; 4th year of 7 year rate phase-down
Public Service Company Tax - Wholesale	0.50%	0.50%	HRS 239-5(c)(1)	Y	N	B	B	S		1	1	1				0	Applies to PSC taxpayer reselling to another PSC taxpayer
General Excise Tax - Retail	1.50%	1.50%	HRS 237-13(6)(A) & HRS 267-4(a)(10)	Y	Y	B	A	A		1	12	12				0	
General Excise Tax - Wholesale	0.50%	0.50%	HRS 237-13(6)(A) & HRS 237-4(a)(10)	Y	Y	B	A	A		1	12	12				0	4th year of 6 year phase-down. Rate will be 0.5% in 2006 and after.
General Excise Tax - Long Distance	1.99%*	1.99%*	HRS 237-13(6)(D) & Reg. 18-237-13-06.16(f)(5)	Y	N	B	A	A		1	12	12				0	* Interstate and foreign long distance services that originate or terminate in HI and are billed in HI are apportioned to HI at 47.86% (Industry apportion factor) and are subject to 4% GET. Effective rate = 4% times 47.86% if recovered from customer.
Telecom Relay Surcharge (TRS)	$0.07	0.35%	HRS 269-16.6	Y	N	B	B	A		1	1	1				0	Rate is $0.07 per line

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	0.00%		0.00%	L	C,M,I	0.01914%	L	C,M,I	See Footnote 2.
Tang. Pers. Prop.	0.00%		0.00%			0.00%			See Footnote 3.
Intang. Pers. Prop.	0.00%		0.00%			0.00%			See Footnote 3.

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P				P	Y*	N	*The refundable capital goods excise tax credit may be claimed
Poles/wires/conduits	P				P	Y*	N	*See capital goods excise tax credit above
COE	P				P	Y*	N	* See capital goods exicse tax credit above
Mfg equipment	P				P	Y*	N	* See capital goods exicse tax credit above
Cell site/switches	P				P	Y*	N	* See capital goods exicse tax credit above
Broadband eqmt.	P				P	Y*	N	* See capital goods exicse tax credit above

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. Effective 7/1/01 for counties that by ordinance exempt real property used in public utility business, PSC tax in excess of 4% is remitted directly to the applicable county based on proportion of gross income of public utility attributable to such county as indicated in public utility filings with state, or in absence thereof, based on relative number of access lines in each county. For counties that do not exempt real property used in public utility business, such counties may levy real property tax directly on the property of public utility and PSC tax paid by the utility will be 4%.
2. Generally Telcos pay higher PSC tax in lieu of tax on real property. For real property not used directly in telephone operations, generally industrial rate is applied. Rate determined as average on industrial property for land and buildings in Honolulu.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
HI	0	1	0.00%	4.00%	0	1	12	1	1.91%	0.00%	0.00%	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
0	4	0.00%	8.04%	0	4	16	1	0.00%	0.00%	0.00%	-	1

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State: IDAHO

Prepared by (name and company): Steven Storck (Telephone & Data Systems) and David Van Ness (T-Mobile)

Cities used to Calculate Local Average Effective Rate:
Capital City: Boise (also largest)
Largest City: Pocatello (2nd largest)

TRANSACTION TAXES & FEES

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.00%	5.00%	63-3619	N	Y	C	N/A	Req'd	N/A	1	12	12	N/A	N/A	N/A	$0	
County sales tax	0.5% See comment	0.00%	63-2601	N	Y	C	N/A	Req'd	Y	1	12	12	Y(1)	N	N	$0	(1) Only one actual tax but rate could vary
City sales tax	1-3%	0.00%	50-1046	N	Y	C	N/A	Req'd	Y	4	12	48	Y	N	N	$0	Driggs 0.5%, Ketcham 1%, Lava Hot Springs 2%, Stanley 2.5% & Sun Valley 3%
911 tax	Up to $1/line	2.85%	31-4804	Y	N	C	C, per line	Req'd	Y	25	12	300	Y	N	N	$10,000	Wireline and Wireless as of 7-1-04
State USF (ITSAP)	$.12/line	0.34%	61-1305	Y	N	C	C, per line	Req'd	N/A	1	12	12	N/A	N/A	N/A	$0	
PUC Fee-RCC	0.30%	0.30%	61-1001	Y	N	B	B,C	Proh'd	N/A	1	2	2	N/A	N/A	N/A	$0	(2) Wireline only
License Fee/tax (Bus.)	$20-200	N/A	50-307	Y	Y	B	N/A	Proh'd	Y	5	1	5	Y	N	N	$0	
Franchise/ROW fees																	
Gross Receipts																	
Local Taxes																	
ID Universal Service Fund (USF)	$.08/month (residential), $0.13/month (business), $0.0625/month (intrastate long distance)		62-210	Y	N	B	B,C	A	N/A	N/A	13	13	N	N/A	N/A	$0	Pass through allowed

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.02%	0.00%	2.02%	C	C,(I,M)	2.02%	L	C,(I,M)	Wireline
Tang. Pers. Prop.	2.02%	0.00%	2.02%	C	C,(I,M)	2.02%	L	C,(I,M)	Wireline
Real Property	2.02%	0.00%	2.02%	L	C	2.02%	L	C,(I,M)	Wireless
Tang. Pers. Prop.	2.02%	0.00%	2.02%	L	C	2.02%	L	C,(I,M)	Wireless
Intang. Pers. Prop.	N/A	N/A	N/A						

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	N	N/A		P	N	N/A	
Poles/wires/conduits	R	N	N/A		P	N	N/A	
COE	P	N	N/A		P	N	N/A	
Mfg equipment	P	N	N/A		P	Y	N/A	
Cell site/switches	P	N	N/A		P	N	N/A	
Broadband eqmt.	P	N	N/A		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. A county tax rate of 0.5% applies in Kootenai County. Kootenai is the only county imposing a sales tax.
2. The minimum Idaho Special Regulatory Fee is $50. The maximum fee is 0.5% of gross revenues from intrastate utility business of each public utility.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
IDAHO	2	1	0.00%	5.00%	2	1	77	11	1.70%	1.70%	N/A	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
2	2	5.90%	0.26%	2	2	319	32	1.70%	1.70%	N/A	-	-

State: ILLINOIS

Prepared by (name and company): Cindy Gonzales (Verizon)

Cities used to Calculate Local Average Effective Rate:
Capital City: Springfield
Largest City: Chicago

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State Sales Tax	6.25%	6.25%	35 ILCS 120/1	N	Y	B	N/A	A	N/A	1	12(1)	12(1)	N/A	N/A	N/A	17,500	
Local Sales Tax	up to 2.5%	1.75%	65 ILCS 5/8-11-1	N	Y	B	N/A	A	N	130	12	12	Y	N	N		
Municipal 911	up to $3.90/line	3.08%	50 ILCS 750/.01	Y	N	C	C	N/A	Y	228	12	2,736	Y	N	N	30,000	Does not apply to wireless; footnote (3)
Chicago 911	$1.25/line	3.56%	50 ILCS 751/45	Y	N	C	C	N/A	Y	1	12	12	Y	N	N		Applies to wireline & wireless
State Wireless 911	.75/line	1.50%	50 ILCS 751/1	Y	N	B	C	A	N/A	1	12	12	N/A	N/A	N/A		Does not apply in Chicago
PUC Fee-RCC	0.10%	0.10%	220 ILCS 5/2-202	Y	N	B	B,C	A	N/A	1	5	5	N/A	N/A	N/A		
Franchise/ROW fees	0.75%(2)	0.75%	65 ILCS 5/8-11-2	Y	N	B	C	P	Y	40	12	480	Y	N	N		
Deaf Tax Surcharge	0.30%	0.30%	220 ILCS 5/13-703	Y	N	B	C	A	N/A	1	12	12	N/A	N/A	N/A		
State Universal Service Fund	0.24%	0.24%	220 ILCS 5/13-301.1	Y	N	C	C	A	N/A	1	12	12	N/A	N/A	N/A		footnote (5)
State Telecom Excise Tax	7.00%	7.00%	35 ILCS 630/1	Y	N	C	A,B,C	N/A	N/A	1	12	12	N/A	N/A	N/A	10,000	See footnote (1) regarding EFT req.
State Infrast. Maint. Fee	0.50%	0.50%	35 ILCS 635/15	Y	N	B	A,B,C	R	N/A	1	12	12	N/A	N/A	N/A	20,000	Wireless Exempt
Chicago Telecom Tax- (pop > 500,000)	up to 7%	7.00%	35 ILCS 636/5-1	Y	N	C	A,B,C	N/A	Y	1	12	12	N	N	Y	10,000	
Simplified Municipal Telecom Tax	up to 6%	3.50%	35 ILCS 636/5-1	Y	N	C	A,B,C	N/A	N	797	12	12	Y	N	Y	?	footnote (3)

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	5.00%	0.00%	5.00%	L	C,I,M	5.00%	L	C,I,M	(4)
Tang. Pers. Prop.	0.00%	0.00%	0.00%	N/A	N/A	0	N/A	N/A	Not Taxable
Intang. Pers. Prop.	0.00%	0.00%	0.00%	N/A	N/A	0.00%	N/A	N/A	Not Taxable

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	Y	N	personal property not taxable	P	N	N	
Poles/wires/conduits	P	Y	N	personal property not taxable	P	N	N	
COE	P	Y	N	personal property not taxable	P	N	N	
Mfg equipment	P	Y	N	personal property not taxable	P	Y	N	Limited to manufacturer
Cell site/switches	P	Y	N	personal property not taxable	P	N	N	
Broadband eqmt.	P	Y	N	personal property not taxable	P	N	N	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

(1) Large taxpayers must EFT payments to the DOR 4 times a month and file a single monthly return.
(2) The SMTT is in lieu of a municipality imposing a franchise fee. However, some providers have franchise agreements still in effect and rates vary.
(3) Since the largest City, Chicago, is filed separate, the City of Aurora (2nd largest) and Springfield (Capitol) rates were used.
(4) The average state assessment ratio is approx. 33.3% excluding Cook County. Cook Co. has an assessment ratio of 38% for commercial property and 36% for industrial property with a tax rate of approx. 10%
(5) The IL Universal Telephone Service Assistance Program is voluntary. Customers can volunteer to contribute on a monthly basis.

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COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
IL	1	1	1.75%	6.25%	1	1	12	131	5.00%	0.00%	0.00%	1	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
6	6	11.31%	9.64%	3	6	3,305	1,204	5.00%	0.00%	0.00%	1	-

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State: Indiana

Prepared by (name and company): Robert Cole (Sprint) and Darrell Torgerson (SBC Communications, Inc.)

Cities used to Calculate Local Average Effective Rate:
Capital City: Indianapolis (also largest)
Largest City: Fort Wayne (2nd largest)

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.00%	6.00%	IC 6-2.5-2-2	Y	Y	C	B	N/A	N/A	1	12	12	N/A	N/A	N/A	0	Vendor discount does not apply to public utilities.
911 tax	$0.67	3.3119%	IC 36-8-16.5	Y	N	C	C	N/A	Y	80	4	320	Y	N	N	0	
State USF			IC 8-1-2.6-1	Y	N	B	B	A	N/A	1	1	1	N/A	N/A	N/A	0	
PUC Fee-RCC	0.15%	0.15%	IC 8-1-6-4	Y	N	B	B	P	N/A	1	1	1	N/A	N/A	N/A	0	
License Fee/tax	N/A											0					
Franchise/ROW fees	N/A											0					
Gross Receipts	N/A											0					
Local Taxes	N/A											0					
Indiana Telephone Relay Access Surcharge	$0.06 / Line	0.2966%	IC 8-1-2.3-11	Y	N	C	C	R	N/A	1	12	12	N/A	N/A	N/A	0	
State Utility Gross Receipts Tax	1.40%	1.40%	IC 6-2.3-2-1	Y	N	B	B,C	A	N/A	1	1	1	N/A	N/A	N/A	0	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.94%	-0.59%	2.35%	L	C	2.35%	L	C	
Tang. Pers. Prop.	2.94%	-0.59%	2.35%	L	C	2.35%	L	C	See Footnote 1.
Intang. Pers. Prop.									

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	N	N/A		P	Y	Y	
Poles/wires/conduits	P	N	N/A		P	Y	Y	
COE	P	N	N/A		P	Y	Y	
Mfg equipment	P	N	N/A		P	Y	N	
Cell site/switches	P	N	N/A		P	Y	Y	
Broadband eqmt.	P	N	N/A		P	Y	Y	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. Credit against personal property tax due of the first $12,500 of assessed value.

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COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
INDIANA	0	1	0.00%	6.00%	0	1	12	1	2.35%	2.35%	0.00%	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
1	4	3.31%	7.85%	1	4	346	84	2.35%	2.35%	0.00%	-	1

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State: Iowa

Prepared by (name and company): Jan Hill - Qwest

Cities used to Calculate Local Average Effective Rate:
Capital City: Des Moines
Largest City: Davenport

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	5.00%	5.00%	422.43(1)	Y	Y	C	B,C	R	N/A	1	12	12	N/A	N/A	N/A	N	
Service Area 911 tax (Landline)	0 - $1.00	4.94%	34A.6	Y	N	C	Per Line	R	Y	94	12	1,128	Y	N	N	N	$2.50 rate for 24 months only
State 911 tax (Wireless)	0 - $0.50	1.00%	34A.7A	Y	N	C	Per #	R	Y	1	4	4	Y	N	N	N	
State USF	N/A											0					
PUC Fee-RCC	Formula		476.10, Rule 199-17.3, 17.6	Y	N	B	B,C	R	N/A	1	4	4	N/A	N/A	N/A	N	Direct and remainder assessments
Local Option Sales Tax	0 - 1.00%	0.50%	422B.8	Y	Y	C	B,C	R	N	849	0	0	Y	N	N	N	
School Local Option	0 - 1.00%	1.00%	422E.1	Y	Y	C	B,C	R	N	17	0	0	Y	N	N	N	
												0					
												0					
												0					

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	3.40%	0.00%	3.40%	C	C	3.40%	L		Davenport
Tang. Pers. Prop.	3.40%	0.00%	3.40%	C	C	N/A	N/A	N/A	
Intang. Pers. Prop.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	N	N		P	N	N	
Poles/wires/conduits	R	N	N		P	N	N	
COE	P	N	N		P	N	N	
Mfg equipment	R	Y	N	Mfgr mach & equip first assessed after 01/01/1995 is exempt	P	Y	N	
Cell site/switches	P	N	N		P	N	N	
Broadband eqmt.	P	N	N		P	N	N	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
Iowa	2	1	1.50%	5.00%	1	1	12	867	3.40%	0.00%	0.00%	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
3	2	6.44%	5.00%	3	1	1,148	963	3.40%	N/A	N/A	-	-

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State: Kansas

Prepared by (name and company): Robert Cole (Sprint) and Darrell Torgerson (SBC Communications)

Cities used to Calculate Local Average Effective Rate:
Capital City: Topeka
Largest City: Wichita

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	5.30%	5.30%	Sec. 79-3603(b), K.S.A.	Y	Y	C	A,B,C	R	N/A	1	12	12	N/A	N/A	N/A	N/A	
Local sales tax	.10% to 1.75% for cities and .25% to 2.00% for counties	1.45%	Sec. 12-187, K.S.A.	Y	Y	C	A,B,C	R	N	261	12	12	Y	N	N	N/A	
911 tax	0.00-0.75 / Access Line	3.7074%	Sec. 12-5301, K.S.A. Sec. 12-5302, K.S.A.	Y	N	C	Per Line	N/A	Y	101	4	404	Y	Y	N	2,000	See Footnote 9.
State USF(1)	Varies by Carrier	4.87%	Sec. 66-2008, K.S.A.	Y (2)	N	B	B	A	N/A	1	12	12	N/A	N/A	N/A	N/A	
Public Utility Assessment	Adjusted Quarterly (3)	0.0299%	Sec. 66-1503, K.S.A.	Y	N	B	B	S	N/A	1	4	4	N/A	N/A	N/A	N/A	
Franchise/ROW fees (4)	Varies by Location	6.97%	§12-194 K.S.A.; Sec. 3.01.020 Wichita Code; Appendix B, Sec. 2, Topeka Code	Y	N	B	C (5)	Varies	Y	152	Varies	432	Y	Y	N	N/A	(5% for Topeka and $1.81/month for Wichita)

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	3.94%	0.00%	3.94%	C	C,I,M	2.98%	L	C	
Tang. Pers. Prop.	3.94%	0.00%	3.94%	C	C,I,M	2.98%	L	C	
Intang. Pers. Prop.	3.94%	0.00%	3.94%	C	C,I,M	N/A	N/A	N/A	Intangible not taxed for general business.

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property (6)(7)(8)	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		R	N	N/A	
Poles/wires/conduits	P	N	N/A		R	N	N/A	
COE	P	N	N/A		P	N	N/A	
Mfg equipment	P	N	N/A		P	Y	N/A	
Cell site/switches	P	Y	N		P	N	N/A	
Broadband eqmt.	P	N	N/A		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. Assessment subject to change as ordered by KCC. The state USF includes the funding for the hearing impaired center.
2. Assessment is on intrastate retail telecommunications revenues. Does not include non-regulated, CPE, gross receipts, federal USF. Taxes switched and special access to carriers.
3. Not to exceed the greater of $100 or 0.2% of the carriers gross operating revenues derived from intrastate operation as reflected in the last annual report filed with the commission.
4. Not to exceed the greater of $100 or 0.2% of the carriers gross operating revenues derived from intrastate operation as reflected in the last annual report filed with the commission.
5. The term local pertains to the specific city (within the city limits) of a municipality that we collect and pass through a municipal fee.
6. Property tax - Kansas is a classification state and Teleco's (utilities) are assessed at a 33% ratio. All other businesses are assessed at a 25% ratio.
7. Telco valuations based upon unit value, local assessment based on asset cost.
8. Wireless property is locally assessed.
9. As of 7/1/04, Kansas has two wireless telephone service fees on subscribers: (1) Wireless enhanced 911 grant fee of $0.25 and (2) Wireless enhanced 911 local fee of $0.25.

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COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
KS	1	1	1.45%	5.30%	1	1	12	1	2.98%	2.98%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
3	3	12.13%	10.20%	3	3	864	262	3.94%	3.94%	3.94%	-	-

State: Kentucky

Prepared by (name and company): Tom Jankowski / Jon Stokes (Cingular Wireless) and Elliott Thompson (BellSouth)

Reviewed by (name and company): Tom Jankowski / Jon Stokes - Cingular Wireless

Cities used to Calculate Local Average Effective Rate:
Capital City: Frankfort
Largest City: Louisville

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.00%	6.00%	KRS §139.100	Y	Y	B	A,B,C	R	N/A	1	12	12	N/A	N/A	N/A	10,008	Per Reg, access fees are taxable.
911 tax	up to 2.50/line	3.82%	KRS §65.760	Y	N	C	C	R	Y	78	12	936	Y	Y	Y	30,000	
State USF	.05/line	0.14%		Y	N	C	C	R	N/A	1	12	12	N/A	N/A	N/A		PSC Admin Case 360 - 11/17/00
PUC Fee-RCC	0.17%	0.17%	KRS §278.150	Y	N	B	B,C	S	N/A	1	1	1	N/A	N/A	N/A		
License Fee/tax	Varies	Varies		N	Y	B	N/A	S	Y	Varies	Varies	Varies	Y	Y	Y		
Franchise/ROW fees	up to 3%	3.00%	Local Ord.	Y	N	B	C	A	Y	33	12	396	Y	Y	Y		
School Utility Gross Receipts	up to 3%	1.50%	KRS §160.613	Y	N	B	B,C	A	Y	157	12	1,884	Y	N/A	N/A		See Footnote 3
Tele Relay	.08/line	0.23%	KRS §278.5499	Y	N	C	B,C	R	N/A	1	12	12	N/A	N/A	N/A		

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	1.40%	0.00%	1.40%	C	C,I,M	1.40%	L	C,I,M	See Footnotes 1 & 2.
Tang. Pers. Prop.	1.40%	0.00%	1.40%	C	C,I,M	1.40%	L	C	See Footnotes 1 & 2.
Intang. Pers. Prop.	1.40%	0.00%	1.40%	C	C,I,M	0.00%	L	N/A	See Footnote 1.

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		P	N	N/A	
Poles/wires/conduits	P	N	N/A		P	N	N/A	
COE	P	N	N/A		P	N	N/A	
Mfg equipment	P	N	N/A		P	Y	N	
Cell site/switches	P	N	N/A		P	N	N/A	
Broadband eqmt.	P	N	N/A		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. Telcos are assessed on a unitary basisusing all three approaches to value. Although these three approaches to value may be used for local real estate, Telco unitary valuations include all forms of intangibles, including business value (going concern, goodwill, etc.)
2. Generally, all classes of taxable property are taxed by the state, although at widely varying rates. Many of these calsses are exempt from taxation by local government. Therefore, Telcos not only pay on the full value of intangible property but also pay at the state rate of .45 on all tangible/intangible property while other main street businesses are either paying at a lower rate or not at all.
3. 2004 Legislation (effective 7/1/05) centralized collection of all school utility gross receipts taxes with the revenue cabinet. This will reduce the number of filings to 12 per year.

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COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
KY	1	1	0.00%	6.00%	1	1	12	1	1.40%	1.40%	0.00%	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
3	4	8.32%	6.54%	35	4	3,253	272	1.40%	1.40%	1.400%	-	-

State: Louisiana

Prepared by (name and company): Tom Jankowski / Jon Stokes (Cingular Wireless) and Elliott Thompson (BellSouth)

Cities used to Calculate Local Average Effective Rate:
Capital City: Baton Rouge
Largest City: New Orleans

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax - telephone service	3.00%	3.00%	La. Rev. Stat. Secs. 47:302(C), 47:321(C), 47:331(C), 51:1286	Y	N(1)	B	A,B,C	A	N/A	1	12	12	N/A	N/A	N/A	11,000	See Footnotes 2 & 3.
State sales tax - TPP	4.00%	4.00%	La. Rev. Stat. Secs. 47:302(A)(1), 47:321(A), 47:331(A)(1), 51:1286.	N	Y	B	N/A	A	N/A	1	12	12	N/A	N/A	N/A	11,000	
City & parish sales tax (4)	0-5.5%	5.00%	La. Rev. Stat. Sec. 33:2712.	N	Y	B	N/A	A	Y	63	12	756	Y	Y	Y	10,000	See Footnote 5.
E-9-1-1 Telephone Service Charge	up to 5% or up to $2 per line (6)	1.78%	La. Rev. Stat. Sec. 33:9106, 33:9109.	Y	N	C	C	A	Y	59	12	708	Y	N	N	10,000	See Footnote 7.
PUC Fee-RCC	assessed		La. Rev. Stat. Sec. 45:1177	Y	N	B	B	P	N/A	1	1	1	N/A	N/A	N/A	0	
License Fee/tax	$7,500 max		La. Rev. Stat. Sec. 47:358(A).	Y	Y (max $6,200)	B	A,B,C	S	Y	63	1	63	Y	N	N	0	
Franchise/ROW fees	max 5%	5.00%	Home Rule	Y	N	B	N/A	A	Y	45	4	180	Y	N	N	0	Base=basic line charge
Inspection & supervision fees	$.38/$1,000 of gross receipts ($50 annual min)	0.038%	La. Rev. Stat. Sec. 45:1177(A)(2)(k), 45:1177(A)(3).	Y	N	B	B	S	N/A	1	4	4	N/A	N/A	N/A	0	See Footnote 8.
Inspection & supervision supplemental fees	20% of inspection & supervision fee	0.008%	La. Rev. Stat. Sec. 45:1177(D)	Y	N	B	B	S	N/A	1	4	4	N/A	N/A	N/A	0	See Footnote 8.
Deaf Tax Surcharge	$0.05/month/dial tone line	0.14%	La. Rev. Stat. Sec. 47:1061(A)(1).	Y	N	C	N/A	N/A	N/A	1	4	4	N/A	N/A	N/A	20,000	
Utility User's Tax	2-5% (9)	2.50%	See (10)	Y	N	B	N/A	A	Y	6	4	24	Y	N	N	0	
Telephone Relay Service Surcharge	$0.11/line	0.31%	LPSC Order # U-17656	Y	N	C	N/A	N/A	N/A	1	1	12	N/A	N/A	N/A	5,033	See Footnote 11.

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	3.08%	1.03%	2.05%	C	M	2.05%	L	C	See Footnotes 12 & 13.
Tang. Pers. Prop.	3.08%	1.03%	2.05%	C	C	2.05%	L	C	See Footnotes 12 & 14.
Intang. Pers. Prop.	N/A					N/A			

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N			P	N	N	
Poles/wires/conduits	P	N			P	N	N	
COE	P	N			P	N	N	
Mfg equipment	P	N			P	Y	N	Effective July 1, 2004.
Cell site/switches	P	N			P	N	N	
Broadband eqmt.	P	N			P	N	N	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. "Main Street" businesses that provide services are subject to a 4% state sales tax on services.
2. From April 1, 2004 to March 31, 2016, the sales tax under La. Rev. Stat. Sec. 47:331(C) will be suspended for interstate telecommunications services. As a result, from April 1, 2004 to March 31, 2016, interstate services will be subject to a 2% sales tax rate and intrastate telecommunications services will be subject to a 3% sales tax rate.
3. Beginning April 1, 2016, interstate telecommunications services will not be subject to sales tax and intrastate services will be subject to a 3% sales tax rate.
4. Sales tax returns filed at parish level- includes parish and city sales tax. (63 jurisdictions) City and parish sales taxes do not apply to telecommunications services.
5. Baton Rouge and New Orleans allow 1% vendor's comp on the sales tax return.
6. Residential Wireline: $0.41 -1.00, or up to 5%, $0.50 in Baton Rouge, $0.41 in New Orleans
   Business Wireline: $0.62 - 2.00, $0.85 in Baton Rouge, $1.14 in New Orleans
   Wireless: $0.80 - 1.19, $0 in Baton Rouge, $0.85 in New Orleans
7. East Baton Rouge Parish Communication District and Orleans Parish Communications District allow 1% vendor's comp on the E-911 Telephone Service Charge Return.
8. The inspection and supervision supplemental fee applies to telecommunications companies regulated by the Public Utilities Commission.
9. Imposed by the following localities: Baton Rouge, Bossier City, Eunice (Acadia and St. Landry), Franklin, Oil City and Shreveport
10. Bossier City (2%): Art. VI, Sec. 15-141
    Eunice (Acadia and St. Landry) (3%): Sec. 12:720
    Franklin (3%): Ord. 994
    Oil City (2%): Ord. 1 of 1989
    Shreveport (2%): Ch. 86, Art. 1, Sec. 86-1
    Baton Rouge (5%): City - Public Utility Ordinance 9027
11. Vendor's compensation is 2% of the TRS Surcharge for the first 20,000 access lines and 0.5% for lines in excess of 20,000.
12. The assessment ratio for non-public service companies in Louisiana is 10% of FMV of land, 15% of FMV of buildings and 15% of depreciated cost of tangible personal property. Public service companies include regulated, non-wireless telephone companies. Public service companies are assessed by the state and have a 25% assessment ratio for property other than land. La. Rev. Stat. 47:1854. For years ended on or after 12/31/01, public service companies will be allowed a 40% ad valorem tax credit against income and/or franchise taxes to offset the difference between the public service company assessment ratio and the general business assessment ratio. La. Rev. Stat. 47:6014.
13. In New Orleans (2nd Municipal District), the millage rate for PSC and non-PSC real property is $170.04/$1,000. In the City of Baton Rouge, both PSC and non-PSC property have an $89.69/$1,000 parish millage rate plus an $8.34/$1,000 city millage rate. The telco property tax information supplied above applies to PSCs.
14. In New Orleans (2nd Municipal District), the millage rate for PSC and non-PSC tangible personal property is $170.04/$1,000. In the City of Baton Rouge, PSC and non-PSC property have an $89.69/$1,000 parish millage rate plus an $8.34/$1,000 city millage rate. The telco property tax information supplied above applies to PSCs.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
LA	2	1	5.00%	4.00%	64	1	831	64	2.05%	2.05%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
4	5	9.28%	3.50%	4	5	1,011	177	2.05%	2.05%	0.00%	-	-

State: Maine

Prepared by (name and company): Greg Millert - AT&T

Cities used to Calculate Local Average Effective Rate:
Capital City: Augusta
Largest City: Portland

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	5.00%	5.00%	36:1811	Y	Y	B	B,C	A	N/A	1	12	12	NA	NA	NA	0	See Footnote 2.
911 tax	.32 per line	0.91%	25:2927	Y	N	C	N/A	N/A	N/A	1	12	12	NA	NA	NA	0	$0.32 per line, 25 line max.
PUC Fee-RCC	0.35%	0.35%	35-A:116	Y	N	B	B,C	Silent	N/A	1	1	1	NA	NA	NA	0	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.45%	0.00%	2.45%	L	M	2.45%	L	M	Local rates derived from
Tang. Pers. Prop.	2.70%	0.00%	2.70%	C	M	2.45%	L	M	Augusta & Portland.
Intang. Pers. Prop.	0.00%	0.00%	0.00%	NA	NA	0.00%	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	N	N/A		P	N	N/A	
Poles/wires/conduits	P	N	N/A		P	N	N/A	
COE	P	N	N/A		P	N	N/A	
Mfg equipment	P	Y	N	Business Equipment Tax Reimbursement program (BETR)	P	Y	N	36:1760(31)
Cell site/switches	P	N	N/A		P	N	N/A	
Broadband eqmt.	P	N	N/A		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. Chapter 731 Laws of 2000 will reduce the tax rate for telecommunications tangible property beginning in 2003 to 26 mills and decrease the tax rate by 1 mill each year until 2009 when the rate will be 20 mills.
2. If the state sales tax is passed to the customer, it must be on a separate line and described as a "service provider tax."

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
MAINE	0	1	0.00%	5.00%	0	1	12	1	2.45%	2.45%	0.00%	1	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
0	3	0.00%	6.37%	0	2	25	1	2.45%	2.70%	0.00%	-	-

State: Maryland

Prepared by (name and company): Deborah Bierbaum - AT&T

Cities used to Calculate Local Average Effective Rate:
Capital City: Annapolis
Largest City: Baltimore

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	5.00%	5.00%	Md. Code Ann., Tax-Gen. § 11-101(k)	Y	Y	C	A,B,C	N/A	N/A	1	12	12	N/A	N/A	N/A	4,500	Sales tax is imposed on all wireless services but applies only to limited landline services such as 900-type services.
911 tax	.25 p/account, state; .75 p/account, county	1.43%	Md. Code Ann., Public Safety §1-310 &1-311	Y	N	C	C	NA	N	25	12	12	N	Y	N	7,500	911 fee applies to both landline and wireless services.
PUC Fee-RCC	0.22%	0.22%	Md. Code Ann., Public Util. § 2-110	Y	N	B	B	S	N/A	1	1	1	N/A	N/A	N/A	N/A	Rate is maximum allowed. Annual PUC fee is based on budget, apportioned among all utilities. Does not apply to wireless services.
Gross Receipts	2.00%	2.00%	Md. Code Ann., Tax-Gen. § 8-402	Y	N	B	A,B,C	A	N/A	1	4	4	N/A	N/A	N/A	N/A	The gross receipts tax does not apply to wireless services.
Local Utility Users Tax	8% or 12%	10.00%	See Footnote 1.	Y	N	B	A,B,C	A	Y	3	12	36	Y	N	N	N/A	See Footnote 2.
Universal Service	.20 p/account	0.99%	Md. Code Ann., State Fin. & Proc. §3-807	Y	N	C	C	NA	N/A	1	12	12	N/A	N/A	N/A	15,000	The universal service fee applies to landlines only.
Montgomery County Telephone Tax	$2.00 @line	5.70%	Cnty Code §52-15	Y	N	B	C	S	Y	1	12	12	N	N	N	N/A	
Prince George Local Sales Tax	8.00%	8.00%	Cnty Code §10-192.03	Y	N	C	A,B,C	N/A	Y	1	12	12	N	N	N	5,000	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	4.63%	-2.79%	1.84%	C	C,I,M	2.205%	C	M	Property Tax Footnote 1.
Tang. Pers. Prop.	4.44%	0.00%	4.44%	C	C,I,M	0.000%	C	C	Property Tax Footnote 2.
Intang. Pers. Prop.									Property Tax Footnote 3.

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		P	N	N/A	
Poles/wires/conduits	P	N	N/A		P	N	N/A	
COE	P	N	N/A		P	N	N/A	
Mfg equipment	P	N	N/A	See Property Tax Footnote 4.	P	Y	N/A	
Cell site/switches	P	N	N/A		P	N	N/A	
Broadband eqmt.	P	N	N/A		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

Transaction Tax Notes:
1. The local utility users tax is imposed by Baltimore County, Art. V § 33-201; Baltimore City, Art. 28 § 25; and Ann Arundel County, Art. 6 § 7-406.
2. Effective August 1, 2004, the Baltimore City tax is converted to a line tax at $3.50/line and the base on the tax is expanded to include wireless services.

Property Tax Notes:
1. Effective rate for real property is the average of rates in Annapolis (3.26%) and Baltimore (6%).
2. Effective rate for personal property is the average of rates in Annapolis (3.06%) and Baltimore (5.82%).
3. Valuation methodologies applicable to Telco personal property can include the value of Telco's intangible property.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
MD	0	1	0.00%	5.00%	0	1	12	1	1.84%	4.44%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
3	5	16.90%	10.41%	28	5	89	25	1.84%	4.44%	0.00%	-	-

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State: Massachusetts

Prepared by (name and company): Andy Ottinger (Level 3 Communications) and Tony Schilen / Martha Jackle (T-Mobile USA)

Cities used to Calculate Local Average Effective Rate:
Capital City: Boston
Largest City: Worcester

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	5.00%	5.00%	Ch 64H, Sec 2	Y	Y	C	A,B,C	N/A	N/A	1	12	12	N/A	N/A	N/A	0	See Footnote 1.
911 tax - Wireline	$0.85	4.20%	Ch 6A, Sec 18F	Y	N	B	B,C	S	N/A	1	1	1	N/A	N/A	N/A	10,000	See Footnote 2.
E911 tax - Wireless	$0.30	0.60%	Ch 6A, Sec 18H	Y	N	C	B,C	N/A	N/A	1	12	12	N/A	N/A	N/A	10,000	
State USF	N/A											0					
PUC Fee-General Fund	0.0811075056%		Ch 25, Sec 18	Y	N	B	B,C	S	N/A	1	1	1	N/A	N/A	N/A	0	See Footnote 3.
License Fee/tax	N/A											0					
Franchise/ROW fees	N/A											0					
Gross Receipts	N/A											0					
Local Taxes	N/A											0					
PUC Fee-Attorney General	0.016952933%		Ch 24A, Sec 3	Y	N	B	B,C	S	N/A	1	1	1	N/A	N/A	N/A	0	See Footnote 4.

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	3.13%	0.00%	3.13%	L	M	3.13%	L	M	
Tang. Pers. Prop.	3.13%	0.00%	3.13%	C	C	3.13%	L	C	G.L.c 59, Sec 39
Intang. Pers. Prop.	N/A								

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	Y	Y		R	N/A	N/A	
Poles/wires/conduits	P	N	N	Cable, conduit and aerial plant on private property is taxable.	P	N	N/A	
COE	P	Y	Y		P	N	N/A	
Mfg equipment	P	Y	N		P	Y	N	Must manufacture tang. personal property, CH 64H, sec.6(s)
Cell site/switches	R	Y	Y		P	N	N/A	
Broadband eqmt.	P	Y	Y		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. First $30 per month of residential customers' service not subject to sales tax. Does not apply to wireless (Reg. 830 CMR 64H.1.6(5)(d)).
2. Funded through directory assistance revenues if over 1000 customers. Rates must be set to produce no more than $300,000 in revenue for the fiscal year.
3. General fund rate is set annually at a rate up to 0.2% of intrastate revenues. Current rate set at 0.000811075056.
4. Attorney General Fund rate is set annually to sufficiently produce $1,355,145 of revenue. Current rate is set at 0.00016952933.

5. Taxable wireless property subject to central valuatiion will vary, depending on the form of legal entity owning the property. G.L.c. 59, Sec 39; G.L.c. 59, Sec 5, Cl. 16(1); G.L.c. 39, Sec 18(5) & G.L.c. 63, Sec 30, as amended by c. 26, Sec 204 of the acts of 2003.

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COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
Massachusetts	0	1	0.00%	5.00%	0	1	12	1	3.13%	3.13%	0.00%	1	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
0	3	0.00%	9.30%	0	2	14	1	3.13%	3.13%	0.00%	1	-

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State: Michigan

Prepared by (name and company): Robert Cole (Sprint) and Darrell Torgerson (SBC Communications, Inc.)

Cities used to Calculate Local Average Effective Rate:
Capital City: Lansing
Largest City: Detroit

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.00%	6.00%	MCL 205.93a	Y	Y	C	A,B,C	N/A	N/A	1	12	12	N/A	N/A	N/A	$3,333	Michigan requires 36 payments per year when sales tax is paid on an accelerated basis.
911 tax	$0 - $3.24	3.80%	MCL 484.1401	Y	N	C	C	N/A	Y	84	1	84	Y	N	N/A	N/A	
911 tax (Wireless)	$0.52	1.04%	MCL 484.1407	Y	N	C	C	N/A	N/A	1	4	4	N/A	N/A	N/A	.5 cents	Vender's compensation is .5 cents per service charge.
State USF	N/A	N/A	ACT 295 of 2000									0				N	
PUC Fee-RCC	Formula/$50 minimum	0.05%	MCL 460.112	Y	N	B	B	P	N/A	1	1	1	N/A	N/A	N/A	N	PUC allocated fees only apply to wireline service providers.
License Fee/tax	N/A	N/A	N/A									0					
Franchise/ROW fees	Varies	Varies	ACT 48 of 2002	Y	N	B	N/A	S	Y	See Note	N/A	0	Y	Y	N/A	N	Local governments are authorized to grant permits for access and ongoing use of rights-of-way
Gross Receipts	N/A											0					Michigan does not impose a gross receipts tax.
Local Taxes	N/A											0					Michigan has no local sales or use taxes
Detroit Utility Users Tax	5.00%	2.50%	Sec. 18-11-1, Det. Mun. Code	Y	N	C	B,C	R	Y	1	12	12	N	N	N	$10,000	Cities with a population over 750,000 may enact a city utility users tax ordinance. 5% Detroit; 0% Lansing.
												0					

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.54%	0.00%	2.54%	C	C,I,M	3.18%	L	M	
Tang. Pers. Prop.	2.54%	0.00%	2.54%	C	C,I,M	3.18%	L	M	
Intang. Pers. Prop.	2.54%	0.00%	2.54%	C	C,I,M	N/A	N/A	M	See Notes

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N			P	Y	N	
Poles/wires/conduits	P	N			P	N	N	See notes.
COE	P	N			P	Y	N	
Mfg equipment	P	N			P	Y	N	
Cell site/switches	P	N			P	Y	N	
Broadband eqmt.	P	N			P	N	N	See notes.

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

The sales and use tax discount only applies to the first 4% of the total 6% tax rate.
The Michigan Public Service Commission (PSC) does not impose any special surcharges or fees to cover the cost of universal service. Companies may apply for a rate increase with the PSC to recover costs associated with the Universal Service Program.
Intangible property is to be taken into consideration when determining the value of utility property.
Mighigan does not impose a tax on intangible property owned by general businesses.
The Michigan sales tax exemption for property used or consumed in transmitting, receiving switching or monitoring 2-way interactive communication does not include distribution equipment including cable or wire facilities.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
MI	0	1	0.00%	6.00%	0	1	12	1	3.18%	3.18%	0.00%	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
4	2	13.15%	7.00%	2	3	113	88	2.54%	2.54%	2.54%	-	1

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State: Minnesota

Prepared by (name and company): Jan Hill - Qwest Communications

Cities used to Calculate Local Average Effective Rate:
Capital City: St. Paul
Largest City: Minneapolis

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.50%	6.50%	297A.62 & 297A.61(3)(i)	Y	Y	C	A,B,C	R	N/A	1	12	12	N/A	N/A	N/A	N	
State 911 tax	$0.40	1.14%	403.11	Y	N	C	C per line	R	N/A	1	12	12	N/A	N/A	N/A	N	Wireline and wireless.
State TAM (funds TED and MRS programs)	$0.13	0.37%	237.52	Y	N	C	C per line	R	N/A	1	12	12	N/A	N/A	N/A	N	Changes to $0.10 10/1/04. Wireless and wireline.
State TAP	$0.05	0.25%	237.70	Y	N	C	C per line	R	N/A	1	12	12	N/A	N/A	N/A	N	Based on costs incurred by agency.
PUC Fee			237.295	Y	N	B	Formula	S	N/A	1	4	4	N/A	N/A	N/A	N	Wireline only, based on costs incurred by agency.
Franchise/ROW fees			237.163	Y	N	B		S	Y	1	1	1	N/A	N/A	N/A	N	Wireline companies required to obtain a right-of-way permit.
Local Taxes	0 - 1%	0.50%	297A.48	Y	Y	C	A,B,C	R	N	11	12	12	Y	N	N	N	Duluth city tax not collected by the DOR.
Local Taxes - Duluth	1.00%	1.00%	297A.48	Y	Y	C	A,B,C	R	Y	1	12	12	N	N	N	N	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	4.90%	0.00%	4.90%	C	C	4.90%	L	M	Property tax rules
Tang. Pers. Prop.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	amended effective
Intang. Pers. Prop.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	beginning in 2000

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	Y	Y	Property used for any public purpose is exempt. This includes	P	Y	Y	Sec. 297A.68, Subd. 35 exempts telecommunications
Poles/wires/conduits	P	Y	Y	tools, machinery, poles, wires, conduits and station equipment	P	Y	Y	equipment.
COE	P	Y	Y	regardless of attachment to real property.	P	Y	Y	
Mfg equipment	P	Y	N	Exempt if considered personal property	P	Y	N	
Cell site/switches	P	Y	Y		P	Y	Y	
Broadband eqmt.	P	Y	Y		P	Y	Y	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

Effective July 1, 2001, telecommunications equipment became exempt from sales and use tax.

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COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
MN	1	1	0.50%	6.50%	1	1	25	12	4.90%	0.00%	0.00%	1	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
2	5	0.50%	8.26%	1	4	76	15	4.90%	N/A	N/A	1	1

State: Mississippi

Prepared by (name and company): Tom Jankowski / Jon Stokes (Cingular Wireless) and Elliott Thompson (BellSouth)

Reviewed by (name and company):

Cities used to Calculate Local Average Effective Rate:
Capital City: Jackson
Largest City: Gulfport

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax (applicable to intra-state services)	7.00%	7.00%	Miss. Code § 27-65-19 (1)(e)	Y	Y	C	A,B,C	N/A	N/A	1	12	12	N/A	N/A	N/A	$50	
911 State Tax	$0.05@line	0.24%	Miss. Code § 19-5-357	Y	N	C	B	N/A	N/A	1	12	12	N/A	N/A	N/A	$1,000	Vendor's Compensation for 911 State Tax is 1 percent.
911 Local Tax – Wireless	$1.00@line	2.00%	Miss. Code § 19-5-357	Y	N	C	B	N/A	N	64	12	12	N/A	N/A	N/A	N/A	
911 Local Service Charge - Residential	$0.80-1.00@line, residential	4.94%	Miss. Code § 19-5-313	Y	N	C	B	N/A	Y	64	12	768	Y	Y	N/A	N/A	See Transaction Tax Note
911 Local Service Charge - Business	$1.60-2.00@line, business	9.89%	Miss. Code § 19-5-313	Y	N	C	B	N/A	Y	64	12	768	Y	Y	N/A	N/A	See Transaction Tax Note
PUC Fee-RCC	0.200%	0.200%	Miss. Code § 77-3-87	Y	N	B	B	N/A	N/A	1	1	1	N/A	N/A	N/A	N/A	
City Sales Tax -- Tupelo only	0.25%	0.25%	Local Ordinance	Y	Y	C	C	A	Y	1	12	12	N/A	N/A	N/A	N/A	
Local Utility Users Tax	2.00%	2.00%	Local Ordinance	Y	N	B	C	S	Y	28	1	28	N	N	N	N	
Telephone Relay Service	-	-	Miss. Code 77-3-507	Y	N	B	N/A	A	N/A	1	12	12	N/A	N/A	N/A	N/A	
												0					

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	4.10%	1.17%	2.93%	C	C,I,M	2.93%	L	M	See Property Tax Notes
Tang. Pers. Prop.	4.10%	1.17%	2.93%	C	C,I,M	2.93%	L	C	See Property Tax Notes
Intang. Pers. Prop.	0.00%	0.00%	0.00%						

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		P	N	N	
Poles/wires/conduits	P	N	N/A		P	N	N	
COE	P	N	N/A		P	N	N	
Mfg equipment	P	N	N/A		P	N	N	
Cell site/switches	P	N	N/A		P	N	N	
Broadband eqmt.	P	N	N/A		P	Y	N	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

Transaction Tax Notes

The 911 Local Service Charge applies to landlines only, and total charges are limited to 25 lines per location.

The effective 911 Local Service rates are based on the maximum allowable fee of $1.00 per residential line and $2.00 per commercial line, converted into percentages.

Property Tax Notes

1. Effective property tax rates are based on rates in capitol city (Jackson, 16.28%) and next largest city (Gulfport, 14.7%).
As of July 1, 2004, Hinds County (Jackson) and the City of Jackson had proposed tax rate increases for 2001, so Jackson rate is subject to change.
2. Assessment ratios for both real and personal property: Telco companies -- 30%, with modifications explained below; General businesses -- 15%.
3. Wireline -- Regulated companies operating in 6 or fewer counties are assessed on a local level at 15 percent assessment ratio, while regulated companies operating in more than 6 counties are centrally assessed on a unitary basis at an assessment ratio of 30 percent.
4. Wireless -- All assessments for wireless are done locally based on original cost with scheduled depreciation (not book), assessed at 15 percent ratio.
5. "Credit" is actually a refund of Mississippi sales tax on interstate telecommunication services. The statute allows a 2.33% refund, but actual refund for 2000 tax (received in 2001) to date is less than the full refund amount.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
MS	1	1	0.25%	7.00%	1	1	24	2	2.93%	2.93%	0.00%	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
3	4	7.19%	7.44%	132	4	845	97	2.93%	2.93%	0.00%	-	-

State: Missouri

Prepared by (name and company): Robert Cole (Sprint) and Darrell Torgerson (SBC Communications)

Cities used to Calculate Local Average Effective Rate:
Capital City: Jefferson City
Largest City: Kansas City

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	4.2250%	4.2250%	Sec. 144.010(10), RSMo.; Sec. 144.020, RSMo	Y	Y	B	B,C	A	N/A	1	12	12	N/A	N/A	N/A	20,000	
Local sales tax	Varies	2.6955%	Sec. 67.505, RSMo.; Sec. 94.510, RSMo.; Sec. 94.705, RSMo.	Y	Y	B	B,C	A	N	780	12	12	Y	N	N	N/A	See Footnote 1.
911 tax	Up to 15% of the tariff local service rate or $0.75/line whichever is greater	Up to 15% of the tariff local service rate or $0.75/line whichever is greater	Sec. 190.305, RSMo.	Y	N	C	Per access line	N/A	Y	64	4	256	Y	N	N	N/A	See Footnotes 5 & 6.
PUC Fee-RCC	Based on allocated PUC expenses, Varies by year.	Based on allocated PUC expenses, Varies by year.	Sec. 386.370, RSMo.	Y	N	B	B,C	Silent	N/A	1	1	1	N/A	N/A	N/A	N/A	See Footnote 2.
Deaf Relay Service Fee	$0.10/Access Line	0.64%	Sec. 209.255, RSMo.	Y	N	C	Per access line	N/A	N/A	1	4	4	N/A	N/A	N/A	N/A	See Footnote 5.
License Fee/tax	Up to 11% (3)	Up to 11% (3)	Administered Locally	Y	Y	B	Varies See Footnote 3.	S	Y	247	1	247	Y	Y	Y	N/A	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	3.77%	0.00%	3.77%	C	C/I/M	3.77%	L	M	See Footnote 7.
Tang. Pers. Prop.	3.77%	0.00%	3.77%	C	C/I/M	3.77%	L	C	See Footnotes 7 & 8.
Intang. Pers. Prop.	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		R	N	N/A	
Poles/wires/conduits	P	N	N/A		R	N	N/A	
COE	P	N	N/A		P	Y	N	See Footnote 4.
Mfg equipment	P	N	N/A		P	Y	N	See Footnote 4.
Cell site/switches	P	N	N/A		P	Y	N	See Footnote 4.
Broadband eqmt.	P	N	N/A		P	Y	N	See Footnote 4.

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. Local taxes are remitted on the state tax return.
2. Calculated as a ratio of gross intrastate operating revenues during the preceding calendar year to the total gross intrastate operating revenues of all public utilities subject to the jurisdiction of the commission during such calendar year.
3. Usually based on a graduated rate determined by number of employees or revenue.
4. Currently being litigated by SBC Communications, Inc.
5. Do not apply to wireless.
6. The tax cannot be imposed on more than 100 exchange access facilities or their equivalent per person per location.
7. Property that is not part of a network is locally assessed.
8. Locally assessed property valued using the cost method.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
MO	1	1	2.70%	4.23%	1	1	12	781	3.77%	3.77%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
3	1	18.81%	4.98%	249	3	12	781	3.77%	3.77%	0.00%	-	-

State: Montana

Prepared by (name and company): Jan Hill - Qwest Communications

Cities used to Calculate Local Average Effective Rate:
Capital City: Helena
Largest City: Billings

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax												0					
Basic and enhanced 911	.50/line	1.43%	MCA 10-4-201	Y	N	C	N/A	R	N/A	1	4	4	N/A	N/A	N/A	Upon application	Wireless and wireline.
PUC Fee-RCC	0.30%	0.30%	MCA 69-1-402	Y	N	B	A,B,C	A	N/A	1	4	4	N/A	N/A	N/A		Regulated companies only. Current rate set by Docket D2003.9.130, Order 6509.
State TRS/TDD	.10/line	0.29%	MCA 53-19-311	Y	N	C	N/A	R	N/A	1	4	4	N/A	N/A	N/A	7,500	
Excise Tax	3.75%	3.75%	MCA 15- 53-130	Y	N	C	A,B,C	R	N/A	1	4	4	N/A	N/A	N/A		
Consumer Counsel	0.11%	0.11%	MCA 69-1-223	Y	N	B	A,B,C	A	N/A	1	4	4	N/A	N/A	N/A		Applies only to regulated companies.

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	3.34%	0.00%	3.34%	C **	C,I,M	1.67%	L	M	****
Tang. Pers. Prop.	3.34%	0.00%	3.34%	C **	C,I,M	1.67%	L	C	****
Intang. Pers. Prop.	3.34%	0.00%	3.34%	C **	C,I,M	N/A	N/A	N/A	3 yr intangible phase-out beginning in 2000 (MCA 15-6-218)

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		N/A	N/A	N/A	See Note below regarding infrastructure credit against excise tax.
Poles/wires/conduits	P	N	N/A		N/A	N/A	N/A	
COE	P	N	N/A		N/A	N/A	N/A	
Mfg equipment	P	N	N/A		N/A	N/A	N/A	
Cell site/switches	P	N	N/A		N/A	N/A	N/A	
Broadband eqmt.	P	N	N/A		N/A	N/A	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

** Wireless telecommunication companies are currently locally assessed (effective rate apprx. 1.67%).

**** Montana has a complex classification structure with assessment ratios generally ranging from 2-8% of market value for general business and up to 12% for other centrally assessed taxpayers. Some classifications of property (i.e. mining) are taxed based.
There is a temporary credit available to offset the Excise tax imposed by MCA 15-53-130 for "advanced telecommunications infrastructure improvements" made in MT up to 20% of the qualified investment. The maximum credit is $2 million for all qualified telecommunication service providers in any 12-month period, and is paid pursuant to an application process to the Department of Commerce (MCA 15-53-201)

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COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
MT	0	0	0.00%	0.00%	0	0	0	0	1.67%	1.67%	0.00%		

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
0	5	0.00%	5.88%	0	1	20	1	3.34%	3.34%	3.34%	-	-

State: Nebraska

Prepared by (name and company): John Cmelak (Verizon Wireless) and Jan Hill (Qwest Communications)

Cities used to Calculate Local Average Effective Rate:
Capital City: Lincoln
Largest City: Omaha

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State Sales Tax	5.50%	5.50%	77-2703	Y	Y	C	B,C	Req'd	N/A	1	12	12	N/A	N/A	N/A	5,060	Vendor's comp is 2.5% of 1st $3,000 and .5% thereafter.
Local Sales Tax	0 -1.5%	1.0% most common	77-27,142	Y	Y	C	B,C	Req'd	N	113	12	12	Y	N	N	0	State and local sales tax filed on one return.
Local Waste Reduction and Recycle Tax	$25 / year	Negligible impact.	81-15,163	Y	Y	B	N/A	N/A	N/A	1	1	1	N/A	N/A	N/A	0	Imposed by cities for sales of TPP > $50,000.
Local Occupation	0% - 5.75%	5.625%	15-203, 16-205, 17-525 (See FN (1))	Y	N See Footnote 2.	B	B,C	Silent	Y	50	12	600	Y	Y	Y	0	Return frequency varies (est of 600/ yr is high).
Local 911 (wireline)	$ 0.50 - $ 1.00 per line	4.94%	86-435	Y	N	C	B,C	N/A	Y	405	4	1,620	Y	N	N	0	
State 911 (wireless)	$0.50 per line	1.00%	86-457	Y	N	C	B,C	N/A	N/A	1	12	12	N/A	N/A	N/A	0	
Dual Party Relay	$ .07 per line	0.20%	86-313	Y	N	C	B,C	Req'd	N/A	1	12	12	N/A	N/A	N/A	0	Statute authorizes up to $ .20 per line.
State USF	6.95%	6.95%	86-324	Y	N	C	B	Req'd	N/A	1	4	4	N/A	N/A	N/A	0	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	1.91%	0.00%	1.91%	C	C,I,M	1.91%	L	C,I,M	State assessed value is
Tang. Pers. Prop.	1.91%	0.00%	1.91%	C	C	1.91%	L	C	based on federal tax
Intang. Pers. Prop.	1.91%	0.00%	1.91%	C	C,I,M	N/A	N/A	N/A	adjusted basis.

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	Y	N	The Nebraska Employment and Investment Growth Act (LB 775)	R See Footnote 3.	Y	N	The Nebraska Employment and Investment Growth Act (LB 775)
Poles/wires/conduits	R	Y	N	grants limited property tax exemptions for telecommunications companies making	R See Footnote 3.	Y	N	allows a refund of sales and use tax on equipment purchsed by
COE	P	Y	N	companies making investments of $100 mm and hiring 100 new	P	Y	N	telecommunications companies making $20 million investment
Mfg equipment	P	Y	N	within a 7 year period in an approved project.	P	Y	N	in a 7 year period in an approved project.
Cell site/switches	P	Y	N		P	Y	N	
Broadband eqmt.	P	Y	N		P	Y	N	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

RE: Property tax - Centrally assessed property value is based on business value and locally assessed property is based on asset value.
1. Omaha, 5.75%, ordinance §§ 19-88 and 19-291 et seq. Lincoln, 5.5%, ordinance § 3.24.080 et seq.
2. Omaha and Lincoln ordinances apply to telecommunications, but enabling legislation allows Occupation Taxes to apply to general businesses.
3. It appears that under NE case law and other relevant authority, Towers and Poles/wires/conduits should be considered to be real property.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
Nebraska	2	1	1.00%	5.50%	1	1	12		1.91%	1.91%	0.00%	1	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
4	4	11.57%	13.65%	2	2	2,261	572	1.90%	1.90%	1.90%	1	1

State: Nevada

Prepared by (name and company): Robert Cole (Sprint) and Darrell Torgerson (SBC Communications, Inc.)

Cities used to Calculate Local Average Effective Rate:
Capital City: Carson City
Largest City: Las Vegas

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.50%	6.50%	NRS Sec. 372.060	N	Y	B	N/A	R	N/A	1	12	12	N/A	N/A	N/A	N/A	
Local sales tax	0-1%	0.750%	NRS Sec. 372.060	N	Y	B	N/A	R	N	1	N/A	N/A	Y	N	N	N/A	
911 tax	$0.00 - $0.25/ Access Line	0.99%	NRS Sec. 244A.7643	Y	N	C	Per access line	R	Y	17	4	68	Y	N	N	N/A	See Footnotes 7 & 8.
State TDD Fee	0.03%	0.03%	NRS Sec. 426.295 NV PUC Docket No. 04-5031	Y	N	B	B,C	P	N/A	1	4	4	N/A	N/A	N/A	N/A	
PUC Fee-RCC	Not more than 0.425%	0.43%	NRS Sec. 704.033	Y	N	B	B,C	S	N	1	4	4	N/A	N/A	N/A	N/A	See Footnotes 2 & 3.
License Fee/tax	$25/Employee		NRS Sec. 364A.140	Y	Y	B	N/A	S	N/A	1	12	12	N/A	N/A	N/A	N/A	See Footnote 2.
Local Business License	Flat Rate	Flat Rate	Locally Administered	Y	Y	B	B,C	S	Y	9	1	9	Y	Y	Y	N/A	
Franchise/ROW fees	Varies	2.50%	Locally Administered	Y	N	B	B,C	R	Y	17	4	68	Y	N	N	N/A	See Footnote 4.
Gross Receipts	2% of net profits		NRS Sec. 709.110	Y	N	B	B,C	R	Y	17	1	17	N	N	N	N/A	See Footnote 5 & 6.
Nevada Universal Service Fund	Varies by Year	0.0185%	NV Public Utilities Comm. Docket No. 04-11053	Y	N	B	A	A	N/A	1	1	1	N/A	N/A	N/A	N/A	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	1.11%	0.00%	1.11%	C	C,I	1.11%	L	C	
Tang. Pers. Prop.	1.11%	0.00%	1.11%	C	C,I	1.11%	L	C	
Intang. Pers. Prop.	0.00%	0.00%	0.00%	N/A	N/A	0.00%	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		R	N	N/A	
Poles/wires/conduits	P	N	N/A		R	N	N/A	
COE	P	N	N/A		P	N	N/A	
Mfg equipment	P	N	N/A		P	N	N/A	
Cell site/switches	P	N	N/A		P	N	N/A	
Broadband eqmt.	P	N	N/A		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. The surcharge will be assessed for each line of access and will be either a percentage of the basic charge for service to the customer or an equal amount for each customer in a class of customers.
2. Not separately stated. Included in the rate base.
3. The mil tax does not apply to wireless.
4. Applicable to private property & USBLM; not state and local government. Applies to wireless companies only.
5. May be in lieu of flat rate business license tax.
6. The tax is imposed on the first $15 of intrastate revenue for wireless services. The $15 limit does not apply to wireline services.
7. Although not characterized as "vendors compensation", §244A.7647 provides that costs to collect the 911 tax are recoverable.
8. Only applies to Washoe County (since that's the only NV county that can satisfy the population requirement).

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
NV	1	1	0.75%	6.50%	1	1	12	1	1.11%	1.11%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
3	3	3.49%	0.48%	12	4	194	64	1.11%	1.11%	0.00%	-	-

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State: New Jersey

Prepared by (name and company): Deborah Bierbaum (AT&T) and Julio Duarte (Nextel Communications)

Cities used to Calculate Local Average Effective Rate:
Capital City: Trenton
Largest City: Newark

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.00%	6.00%	54:32B-3	Y	Y	C	A,B,C			1	12	12					
PUC Fee-RCC	0.1699%	0.1699%	48:2-59	Y	N	B	B,C	S		1	1	1					See Footnote 1.
911 Fee	$.90 per voice service number or line	2.570%	52:17C-18	Y	N	C	C			1	4	4					See Footnote 2.

Footnotes:
(1) The annual fee changes each year based on budgets. It is no more than 1/4 of one percent of gross intrastate operating revenues.
(2) Emergency preparedness and 9-1-1 System Assessment fee (effective for bills for periods ending on or after 7/1/04, but 8/1/04 for PBX or Centrex) of $.90 per voice grade access service line (telephone exchange service).

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	3.62%	0.00%	3.62%	L	M	3.62%	L	M	Newark: $24.88 per $100; 13.42% assess. ratio = 3.34% eff. Rate; Trenton: $3.89 per $100
Tang. Pers. Prop.	2.76%	0.00%	2.76%	L	M	0.00%			Only on local telco with 51% market share
Intang. Pers. Prop.									

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A	Only local exchange carriers (with 51% or greater market share) are subject to the property tax	P	Y	Y	Sec. 54:32B-8.13 states that exemption is limited to companies subject to jurisdiction of PUC or FCC
Poles/wires/conduits	P	N	N/A	Only local exchange carriers (with 51% or greater market share) are subject to the property tax	P	Y	Y	Sec. 54:32B-8.13 states that exemption is limited to companies subject to jurisdiction of PUC or FCC
COE	P	N	N/A	Only local exchange carriers (with 51% or greater market share) are subject to the property tax	P	Y	Y	Sec. 54:32B-8.13 states that exemption is limited to companies subject to jurisdiction of PUC or FCC
Mfg equipment	P	N/A	N/A	There is no personal property tax in NJ	P	Y	N	
Cell site/switches	P	N	N/A	Only local exchange carriers (with 51% or greater market share) are subject to the property tax	P	Y	Y	Sec. 54:32B-8.13 states that exemption is limited to companies subject to jurisdiction of PUC or FCC
Broadband eqmt.	P	N	N/A	Only local exchange carriers (with 51% or greater market share) are subject to the property tax	P	Y	Y	Sec. 54:32B-8.13 states that exemption is limited to companies subject to jurisdiction of PUC or FCC

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
NJ	0	1	0	6.00%	0	1	12	1	3.62%	0	0	0	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
0	3	0.00%	8.74%	0	3	17	1	3.62%	2.76%	0.00%	-	1

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State: New Hampshire

Prepared by (name and company): Deborah Bierbaum - AT&T

Cities used to Calculate Local Average Effective Rate:
Capital City: Concord
Largest City: Manchester

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	0.00%	0.00%										0					See Footnote 1.
911 tax	.42/line	1.20%	N.H. Rev. Stat. Sec. 106-H:9.	Y	N	C (2)	N/A	N/A	N/A	1	12	12	N/A	N/A	N/A	N/A	See Footnote 2.
PUC Fee-RCC	assessed (3)		N.H. Rev. Stat. Sec. 363-A:2.	Y	N	B	N/A	Prohibit	N/A	1	4	4	N/A	N/A	N/A	N/A	See Footnote 3.
Communications Tax	7.00%	7.00%	N.H. Rev. Stat. Ann. Secs. 82-A:3; 82-A:4; HB 170, Secs. 158:1, 158:25 and 158:26.	Y	N	C	A,B,C (4)	N/A	N/A	1	12	12	N/A	N/A	N/A	N/A	See Footnote 4.
TRS Surcharge	.04/dial tone line	0.23%	N.H. Rev. Stat. Sec. 362-E:6	Y	N	C	N/A	N/A	N/A	1	12	12	N/A	N/A	N/A	N/A	Effective 2-01-03

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.50%	0.00%	2.50%	L	C,M,I (5)	2.50%	L	C,M,I(5)	See Footnotes 6 & 7.
Tang. Pers. Prop.	N/A	N/A	N/A						
Intang. Pers. Prop.	N/A	N/A	N/A						

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	N	N/A		N/A	N/A	N/A	See Footnote 1.
Poles/wires/conduits	R	Y	N	Wooden poles and conduits that are not part of a building are exempt from property tax. N.H. Rev. Stat. Sec. 72:8-b	N/A	N/A	N/A	See Footnote 1.
COE	P	N	N/A		N/A	N/A	N/A	See Footnote 1.
Mfg equipment	P	N	N/A		N/A	N/A	N/A	See Footnote 1.
Cell site/switches	P	N	N/A		N/A	N/A	N/A	See Footnote 1.
Broadband eqmt.	P	N	N/A		N/A	N/A	N/A	See Footnote 1.

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. No sales tax on retail sales of phones or other personal property in N.H.
2. The 911 surcharge may not be imposed on more than 25 lines per customer billing account.
3. Assessment is based on the gross utility revenue of public utilities necessary to fund expenses of Public Utilities Commission.
4. The first $12 of the monthly gross charge for residential customers is exempt. The $12 exemption does not apply to wireless service providers.
5. In general, New Hampshire uses market value to determine FMV if there have been recent sales of similar property. If there have been no such sales, then New Hampshire generally uses capitalized income to determine FMV of investment property and cost to determine FMV of other property.
6. According to N.H. Rev. Stat. Sec. 72:8-a, poles, towers, conduits and other structures used by telecommunications companies are classified as real property. However, wooden poles and conduits that are not part of a building are exempt from property tax under N.H. Rev. Stat. Sec. 72:8-b.
7. Both Telco and Gen Bus have an assessment ratio of 78% (of FMV in 1991) and a millage rate of $26.40/$1,000 in Manchester, NH.
Both Telco and Gen Bus have an assessment ratio of 77% (of FMV at 4/1/2001) and a millage rate of $31.53/$1,000 in Concord, NH.

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COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
NH	0	0	0.00%	0.00%	0	0	0	0	2.01%	0.00%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
0	4	0.00%	8.31%	0	4	40	4	2.01%	0.00%	0.00%	1	-

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State: New Mexico

Prepared by (name and company): John McNamara (AT&T) and Andy Ottinger (Level 3 Communications)

Cities used to Calculate Local Average Effective Rate:
Capital City: Santa Fe
Largest City: Albuquerque

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	See Gross Receipts Tax
911 tax	$ 0.51	1.45%	NMSA63-9D-5	Y	N	B	Access Line	R	N/A	1	12	12	N/A	N/A	N/A	50	Based on local access lines
State USF	NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
PUC Fee-RCC	0.50%	0.50%	NMSA62-8-8	Y	N	B	B	S	N/A	1	4	4	N/A	N/A	N/A	N/A	Paid in 4 installments
License Fee/tax	NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Franchise/ROW fees	various			Y	N	B	C	R	Y	17	4	68	Y	Y	N	N/A	Wireline Only
Gross Receipts	5.00%	5.00%	NMSA 7-9-4	Y	Y	B	B	A	N/A	1	12	12	N/A	N/A	N/A	N/A	
Interstate Telecom GRT	4.25%	4.25%	NMSA 7-9C-3	Y	N	B	A	A	N/A	1	12	12	N/A	N/A	N/A	N/A	
County GRT	Up to .4375%	0.31%	NMSA7-20E-9	Y	Y	B	B	A	N	33	0	0	Y	N	N	N/A	State Collected
County Infrstructrure	Up to .125%	0.00%	UNCODIFIED	Y	Y	B	B	A	N	3	0	0	Y	N	N	N/A	State Collected
County Health	0.06%	0.00%	NMSA7-20E-18	Y	Y	B	B	A	N	10	0	0	Y	N	N	N/A	State Collected
County Hospital	0.25%	0.00%	NMSA7-20E-12.1	Y	Y	B	B	A	N	2	0	0	N	N	N	N/A	State Collected
Local Hospital	0.13%	0.00%	NMSA7-20C-1	Y	Y	B	B	A	N	3	0	0	Y	N	N	N/A	State Collected
Hospital Emergency	0.25%	0.00%	NMSA7-20E-12.1	Y	Y	B	B	A	N	2	0	0	N	N	N	N/A	State Collected
Jail	Up to .125%	0.00%	NMSA7-20F-3	Y	Y	B	B	A	N	2	0	0	N	N	N	N/A	State Collected
Fire Protection	Up to .25%	0.00%	NMSA7-20E-15	Y	Y	B	B	A	N	20	0	0	Y	N	N	N/A	State Collected
County Environment	Up to .125%	0.00%	NMSA7-20E-17	Y	Y	B	B	A	N	27	0	0	Y	N	N	N/A	State Collected
Municipal GRT	Up to 1.25%	0.15%	NMSA7-19D-11	Y	Y	B	B	A	N	84	0	0	Y	N	N	N/A	State Collected
Municipal Infrastructure	Up to .125%	15.00%	NMSA7-9-12	Y	Y	B	B	A	N	2	0	0	Y	N	N	N/A	State Collected
Mun. Environment GRT	0.06%	0.03%	NMSA7-19D-10	Y	Y	B	B	A	N	83	0	0	N	N	N	N/A	State Collected
County Emergency Comm.	0.25%	0.00%	NMSA7-20E-22	Y	Y	B	B	A	N	2	0	0	N	N	N	N/A	State Collected
Telecom Relay Surcharge	0.33%	0.33%	NMSA63-9F-11	Y	N	C	B	R	N/A	1	12	12	N/A	N/A	N/A	N/A	State Collected

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	1.17%	0.00%	1.17%	C	C,I	1.17%	L		See Footnote 1.
Tang. Pers. Prop.	1.17%	0.00%	1.17%	C	C,I	1.17%	L		See Footnote 1.
Intang. Pers. Prop.	1.17%	0.00%	1.17%	C	C,I	N/A	L		See Footnote 1.

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		R	N	N	
Poles/wires/conduits	P	N	N/A		P	N	N	
COE	P	N	N/A		P	N	N	
Mfg equipment	P	N	N/A		P	N	N	
Cell site/switches	R,P	N	N/A	Land & Buildings are Real, Switches are personal property	P	N	N	
Broadband eqmt.	P	N	N/A		P	N	N	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

All effective rates were based upon rates in effect in Albuquerque and Santa Fe. In many instances they do not impose the municipal and county option taxes.
1. A Telcommunications company can make an election, which must be approved by the Dept. of Revenue, to be valued using a cost methodology.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
NM	14	1	1.31%	5.00%	1	1	12	274	1.17%	1.17%	0.00%	-	-

COST TELECOMMUNICATIONS TAX STUDY

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
14	5	1.31%	7.28%	18	5	120	295	1.17%	1.17%	0.00%	-	-

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State: New York

Prepared by (name and company): Deborah Bierbaum (AT&T) and Kristin Goodin (Verizon Communications)

Cities used to Calculate Local Average Effective Rate:
Capital City: Albany
Largest City: New York City

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State Sales Tax	4.25%	4.25%	N.Y. Tax Law §§ 1105(b)(1)(B)	Y	Y	C	B,C			1	12	12					See Footnote 4.
Local Sales Tax	1% - 4.25%	4.0625%	Art. 29 §1210	Y	Y	C	B,C		N	85	0	0	Y	Y	N		See Footnote 5.
School Dist Utility Sales Tax	3.00%	1.50%	Art. 29 §§1211, 1212	Y	N	C	C		N	19	0	0	Y	N	N		See Footnote 5.
911 Surcharge (wireless)	$1.20/line	1.40%	County Law § 309	Y	N	C	Per phone			1	4	4				$ 20,000	See Footnote 7.
911 Surcharge (wireless)	$0.30/line	0.301%	County Law 308-a	Y	N	C	Per phone		N	37	1	37	N	N	N	$ 20,000	
Local 911 Surcharge (wireline)	$0.35 - $.0.55/line	1.73%	County Law §§ 303(1)	Y	N	C	Per line		Y	60	12	720	Y	N	Y	$ 20,000	
Public Service Commission Fee	$10 (min.) to 0.33% (max.)	0.25%	NY Pub Serv Law §18-a	Y	N	B	B,C	S		1	1	1					See Footnote 6.
NY Franchise Tax Sec. 184	0.375%	0.375%	Art. 9 §184	Y	N	B	C	S		1	1	1					See Footnote 2.
MCTD Surcharge on §184	0.13%	0.06%	Art. 9 §184-a	Y	N	B	C	S		1	0	0					See Footnotes 3, 5 and 8.
State Excise Tax Sec. 186-e	2.50%	2.50%	Art. 9 §186-e(2)(a)	Y	N	B	A,B,C	S		1	1	1					
MCTD Surcharge on §186-e	0.60%	0.30%	Art. 9 §186-c(1)(a)(2)	Y	N	B	A,B,C	S		1	0	0					Surcharge calculated as if 186-e was imposed at 3.5%. See Footnotes 3, 5 and 8.
MCTD Sales Tax	0.25%	0.13%	Art. 9 §1109	Y	Y	C	B,C		N	1	0	0	N	N	N		See Footnotes 3 and 5.
State USF (Targeted Accessibility Fund)	0.4%-0.6%	0.45%	PSC Order & Opinion 98-10	Y	N	B	B,C	P		1	12	12					See Footnote 1.
Local Utility Tax	1% - 3%	1.68%	City Law §20-b; Village Law §5-530	Y	N	B	C (intracity)	S	Y	406	12	4,872	Y	N	N	0	NYC Utility Tax = 2.35%; Albany utility tax =1.0%

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	3.16%	0.00%	3.16%	L	M	2.99%	L	M	(P1); Albany = $15.9079 per $1000
Tang. Pers. Prop.	0.00%	0.00%	0.00%			0.00%			
Intang. Pers. Prop.	0.00%	0.00%	0.00%			0.00%			

(P1) NYC Class 3 property includes utility equipment (effective rate = 4.72%); All other business real property is in class 4 (effective rate = 4.4%)

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	Y	N	(E1)	P	Y	N	citation: sec. 1115(a)(12-a)
Poles/wires/conduits	R	Y	N	(E1)	P	Y	N	citation: sec. 1115(a)(12-a)
COE	P	N/A			P	Y	N	citation: sec. 1115(a)(12-a)
Mfg equipment	P	N/A			P	Y	N	citation: sec. 1115(a)(12)
Cell site/switches	R/P	Y	N	Equipment at base of cellphone towers may be real or personal depending on fixity of the installation; (E1)	P	Y	N	citation: sec. 1115(a)(12-a)
Broadband eqmt.	P	N/A			P	Y	N	citation: sec. 1115(a)(12-a)

(E1) Property tax credits are available within economic development zones if certain requirements are met (under article 18-B of the General Municipal Law)

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. The Targeted Accessibility Fund (TAF) has been established to fund Lifeline, emergency services (E911) and Telecommunication Relay Service (TRS) for the hearing impaired. Wireless is not subject to the USF.
2. Excludes 30% of any intraLATA toll charges derived from sales for ultimate consumption by a provider's customers.
3. MCTD = The Metropolitan Commuter Transportation District, which is made up of 12 countries in the NYC area.
4. Art. 28, Sec. 1137 provides a vendor collection allowance of 3 1/2 % with a cap of $150 per quartner. Only quarterly and annual filers may claim the credit.
5. Returns are not filed locally. The information and remittance is included with the applicable state return. The effective tax rate reflects a rate of 4 1/8% in NYC and 4% in Albany.
6. The fee is determined based on the PUC budget and allocated based upon intrastate revenue. The wireless industry is exempt.
7. Service providers must remit funds to the Division of State Police on a quarterly basis.
8. Surcharge rate is 17% of taxpayer's 184 and 186-e tax liability within the MCTD. Surcharge on Section 184 is calculated as if the rate was still 3/4 of 1%.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
NY	1	2	4.06%	4.38%	1	1	12	86	2.99%	0.00%	0.00%	1	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
5	8	8.97%	8.32%	5	5	5,632	588	4.73%	0.00%	0.00%	-	1

State: NORTH CAROLINA

Tax Law in effect on July 1, 2004

Prepared by (name and company): Tom Jankowski / Jon Stokes (Cingular Wireless) and Elliott Thompson (BellSouth)

Cities used to Calculate Local Average Effective Rate:
Capital City: Raleigh
Largest City: Charlotte

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (Y or N)	Tax apply to General Business? (Y or N)	Tax imp'd on Bus. Or Cust? (B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service?	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (Y or N)	# of Juris. that apply (if state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (Y or N)	If local tax, do tax bases vary? (Y or N)	If local tax, do tax exemptions vary? (Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	4.50%	4.50%	G.S. 105-164.4	N	Y	C	N/A	R	N/A	1	12	12	N/A	N/A	N/A	N	
911 tax (wireline)	$0.25-$2.50	12.36%	G.S. 62A-2	Y	N	C	Per Line	R	Y	89	12	1,068	Y	N	N	10,000	See Footnote 4.
911 tax (wireless)	$0.80	1.60%	G.S. 62A-22	Y	N	C	Per Line	R	Y	1	12	12	Y	N	N	10,000	
PUC Fee	0.12%	0.12%	G.S. 62-302	Y	N	B	B,C	S	N/A	1	4	4	N/A	N/A	N/A	N	See Footnote 5.
Business Licenses	Varies	-	Local Ordinance	N	Y	B	N/A	S	Y	1,217	1	1,217	Y	Y	N	N	See Footnote 1.
Telecom Sales Tax	6.00%	6.00%	G.S.105-164.4 (4a) (4c)	Y	N	C	A,B,C	R	N	1	12	12	N/A	N/A	N/A	N	
County Sales Tax	2.50%	2.50%	G.S. 105-510	N	Y	C	N/A	R	N	100	0	0	N	N	N	N	For telco, only applies to sale of tangible personal property. 100 juris. filed.
Mecklenburg Public Transportation	0.50%	0.50%	See Footnote 5.	N	Y	C	N/A	R	N	1	12	12	N	N	N	N	See Footnote 2.
Telecom Relay Service Surcharge	$0.07	0.35%	G.S. 62-157	Y	N	C	Per Line	S	N	1	12	12	N/A	N/A	N/A	N	Wireline

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Locally vs. Centr. Admin'd (L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M)	Comments/footnotes:
Real Property	1.011%	0.00%	1.011%	C	C,I, M	1.011%	L	C,I,M	
Tang. Pers. Prop.	1.011%	0.00%	1.011%	C	C,I, M	1.011%	L	C,I,M	
Intang. Pers. Prop.									

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real v. Personal (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe	Real v. Personal (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		P	Y	N	See Footnote 3.
Poles/wires/conduits	P	N	N/A		P	Y	N	See Footnote 3.
COE	P	N	N/A		P	Y	N	See Footnote 3.
Mfg equipment	P	N	N/A		P	Y	N	See Footnote 3.
Cell site/switches	P	N	N/A		P	Y	N	See Footnote 3.
Broadband eqmt.	P	N	N/A		P	Y	N	See Footnote 3.

KK

Please list any general comments below that should be noted re: this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

Wireline Property Tax - Central Assessments derived from cost, income, and market approaches.
Local assessments are derived priarliy from Cost, however, Income and Market approaches can be used.

Wireless Property Tax - All assessments for wireless are done locally based on original cost with scheduled depreciation (not book).

Revenue Tax Comments

1. Business licenses, sometimes called Privilege licenses, vary on base depending on gross receipts or flat fee. 1,217 is based upon number of cities and counties in NC
2. G.S. 105-510 as enacted by Chapter 417 of the 1997 Session Laws. Tech. Bulletins Section 49 .
3. G.S.105-164.4(1d)c The rate of one percent (1%) applies to the sales price, with a maximum tax of eighty dollars ($80.00) per article.
4. 911 Tax (wireline) Average Effective rate based on $2.50 rate.
5. Applies to Wireline and Long Distance. The maximum fee allowed is .25%.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
NC	3	1	3.00%	4.50%	2	1	12	101	1.011%	1.011%	0.00%	-	-

COST TELECOMMUNICATIONS TAX STUDY

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
1	3	12.36%	6.47%	1	3	1,096	92	1.011%	1.011%	0.00%	-	1

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State: North Dakota

Prepared by (name and company): Jan Hill - Qwest Communications

Cities used to Calculate Local Average Effective Rate:
Capital City: Bismarck
Largest City: Fargo

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
Sales & Use Tax - State	5.00%	5.00%	57-39.2-02.1	Y	Y	C	B, C	R	N/A	1	12	12	N/A	N/A	N/A	85	Vendor comp % is 1.5. Max is $85 per month.
County Sales & Use Tax	0.25% (2)(5)	0.00%	11-09.1-05	Y	Y	C	B, C	R	N	1	12	12	Y	N	N	0	Rate varies from 0% to 2%.
City Sales & Use Tax	0 - 2% (3)(5)	1.00%	40-05.1-06(2)	Y	Y	C	B, C	R	N (1)	101	12	12	Y	Y	Y	83	Tax Rate varies from 1% to 2%. 32 cities allow a 3% to 5% (most common 3%) vendor's compensation with most limited to apporximately $83 per month. One city, Wahpeton has no limit.
Gross Receipts - State	2.50%	2.50%	57-34-03	Y	N	B	A, B, C	S	N/A	1	1	1	N/A	N/A	N/A	0	In lieu of property tax.
Fargo Telephone Service Tax (Wireline)	2.00%	2.00%	Art. 3-09 Ord. # 14444	Y	N	B	B, C	A	Y	1	12	12	N/A	N	N	3,000	
911 Excise Tax (Wireline and wireless)	$1.00 per line	2.85%	57-40.6-02	Y	N	C	N/A	R	Y	44	12	528	Y	N	N	30,000	Qwest files in 23 locations, 3% compensation. Wireless going into effect 10/1/2001
Telephone Relay Svc.	.06 per line (4)	0.17%	54-44.8-08	Y	N	C	N/A	R	N	1	12	12	N	N	N	50,000	5% vendor compensation.

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	N/A		N/A	N/A	N/A	2.25%	L	C,I,M	
Tang. Pers. Prop.	N/A		N/A	N/A	N/A	N/A	N/A	N/A	
Intang. Pers. Prop.	N/A		N/A	N/A	N/A	N/A	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	N/A	N/A			P	N		
Poles/wires/conduits	N/A	N/A			P	N		
COE	N/A	N/A			P	N		
Mfg equipment	N/A	N/A			P	Y		
Cell site/switches	N/A	N/A			P	N		
Broadband eqmt.	N/A	N/A			P	N		

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

* North Dakota levies a 2.5% gross receipts tax in lieu of property tax (N.D.C.C. ch 57-34, Telecommunications Gross Receipts Tax)
1. Local jurisdictions reported on state return, not separate filings.
2. One county (Walsh) imposes this tax. Tax is collected by state.
3. Most cities impose a limit on the city sales tax to $25 per transaction per month. A telecom service billed monthly constitutes one transaction.
4. Fee is limited to 100 access lines per account.
5. Each county and most cities have a maximum sales tax per transaction (ranging from $12.5 to $50 in tax).

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COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
ND	2	1	1.00%	5.00%	1	1	12	100	2.25%	n/a	n/a	1	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
4	3	3.85%	7.67%	2	3	589	134	0.00%	0.00%	0.00%	-	-

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State: Ohio

Prepared by (name and company): Robert Cole (Sprint) and Darrell Torgerson (SBC Communications)

Cities used to Calculate Local Average Effective Rate:
Capital City: Columbus
Largest City: Cleveland

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.00%	6.00%	Sec. 5739.02, Ohio R.C. ; Sec. 5727.01, Ohio R.C.	Y	Y	C	A	N/A	N	1	12	12	N/A	N/A	N/A	7,500	See Footnote 1.
Local Sales Tax	0.00%-2.00%	1.50%	Sec. 5739.02, Ohio R.C. ; Sec. 5727.01, Ohio R.C.	Y	Y	C	A	N/A	N	88	12	12	Y	N	N	N/A	See Footnote 1.
911 Tax	2.87%	2.87%	Sec. 4931.47, Ohio R.C.	Y	N	C	A,B	N/A	Y	82	4	328	Y	N	N	$30,000/Mo.	
PUC Fee-RCC	Varies Annually	0.18%	Sec. 4905.10, Ohio R.C.	Y	N	B	B	P	N/A	1	1	1	N/A	N/A	N/A	N/A	PUC costs are allocated between carriers
Gross Receipts	0.00%	0.00%	Sec. 5727.31, Ohio R.C.; Sec. 5727.38, Ohio R.C.	Y	N	B	B	P	N/A	1	1	1	N/A	N/A	N/A	N/A	See Footnote 2.

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.98%	0.00%	2.98%	C	M	2.98%	L	M	
Tang. Pers. Prop.	2.13%	0.00%	4.84%	C	C	2.13%	C	C	
Intang. Pers. Prop.	0.00%	0.00%	0.00%	N/A	N/A	0.00%	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		P	Y	N	
Poles/wires/conduits	P	N	N/A		P	Y	N	
COE	P	N	N/A		P	Y	N	
Mfg equipment	P	N	N/A		P	Y	N	
Cell site/switches	P	N	N/A		P	Y	N	
Broadband eqmt.	P	N	N/A		P	Y	N	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. Local exchange telephone service (excluding cellular radio service) are exempt from sales and use tax. Other telecommunications services and certain interstate telephone services are subject to sales tax
Personal Property Tax - For local exchange carriers, Telco embedded plant (pre-1995) is assessed at 88% and new plant at 25%
The personal property of all other telephone companies is assessed at 25%. Wireless amd general business are assessed at 25%.
Real Property tax - All businesses are assessed at 35%
2. After 6/30/04, telecommunications revenue is no longer subject to the gross receipts tax. However, companies must file a return for revenue earned in 2004.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
OH	1	4	1.50%	6.00%	1	1	12	1	2.98%	2.13%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
1	4	1.50%	9.05%	1	4	16	2	2.98%	2.13%	0.00%	-	1

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State: Oklahoma

Prepared by (name and company): Robert Cole (Sprint) and Michelle Mann (ALLTEL Communications, Inc.)

Cities used to Calculate Local Average Effective Rate:
Capital City: Oklahoma City
Largest City: Tulsa

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	4.50%	4.50%	Sec. 1354, subsec. 1.(D), Tit. 68, O.S.; Rule 710:65-19-330(b)	Y	Y	B	A/B/C	R	N/A	1	12	12	N/A	N/A	N/A	$ 3,300.00	
Local sales tax (1) (City and County)	0-5.00%	3.9450%	Sec. 2702, Tit. 68, O.S.; Sec. 1370, Tit. 68, O.S.	Y	Y	B	A/B/C	R	N	576	12	12	Y	N	N	N/A	(1)
State 911 Fund	$0.50/retail exchange access line	2.47%	Sec. 165:61. Tit. 165, O.S.	Y	N	B	Per line	A	N/A	1	12	12	N/A	N/A	N/A	N/A	(2)(3)
Local 911 Fund	Varies	Varies	Sec. 2814, Tit. 63, O.S.	Y	N	C	Per line	A	Y	83	12	996	Y	Y	Y	N/A	(2)(4)
State USF	0.04% of retail revenue surcharged.	0.40%	Sec. 139.107, Tit. 17, O.S.	Y	N	B	B / C	A	N/A	1	12	12	N/A	N/A	N/A	N/A	
PUC Fee-RCC	PUC budget allocated annually to telephone providers	PUC budget allocated annually to telephone providers	Sec. 180.11, Tit. 17, O.S.	Y	N	B	N/A	A	N/A	1	4	4	N/A	N/A	N/A	N/A	
Oklahoma TRS Surcharge	$0.12/line/ Month	0.60%	Sec. 2418, Tit. 63, O.S.	Y	N	C	Flat rate	N/A	N/A	1	12	12	N/A	N/A	N/A	N/A	(6)

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.67%	0.00%	2.67%	C	C,I,M	1.29%	L	C,I,M	
Tang. Pers. Prop.	2.67%	0.00%	2.67%	C	C,I,M	1.39%	L	C	
Intang. Pers. Prop.	2.67%	0.00%	2.67%	C	C,I,M	N/A	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		R	N	N/A	
Poles/wires/conduits	P	N	N/A		R	N	N/A	
COE	P	N	N/A		P	N	N/A	
Mfg equipment	P	N	N/A		P	Y	N/A	
Cell site/switches	P	N	N/A		P	N	N/A	
Broadband eqmt.	P	N	N/A		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2001 that would change the information above.

(1) Included with the state filing.
(2) Oklahoma 911 fees do not apply to wireless.
(3) Biannual payments to state fund. Established by HB1815 and paid by companies to help fund E911 service. Pass thru like sales tax.
(4) Cities or local governmentsare allowed by state law to pass ordinances to charge percent of local revenue to cover cost of providing E911 services. Pass thru like sales tax.
(5) Quarterly payments to state fund. Passed by HB1815 and paid by companies to help fund teacher technology training. No pass thru or recovery allowed. No longer collected as of 6/30/02.
(6) Paid to Oklahoma Telephone Asociation who is administratorof contractor with relay service provider.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
OK	1	1	3.95%	4.50%	576	1	12	577	1.29%	1.39%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
1	1	12.00%	7.97%	576	1	12	577	2.67%	2.67%	2.67%	-	-

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State: Oregon

Prepared by (name and company): Steven Storck (elephone & Data Systems) and Dave Van Ness (T-Mobile)

Cities used to Calculate Local Average Effective Rate:
Capital City: Salem
Largest City: Portland

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
911 tax	$.75 per line per month	2.14%	Ore. Rev. Stat. §401.710 *et seq*.	Y	N	C	intra-state	N/A	N/A	1	4	4	N/A	N/A	N/A	0	Provider must file quarterly returns
State USF	6.10%	6.10%	Ore. Rev. Stat. §759.425	Y	N	B	intra-state	A	N/A	1	4	4	N/A	N/A	N/A	0	Does not apply to wireless services provided by a nonparticipating radio common carrier. See Transaction Tax Footnote 1.
Deaf tax	$.10 per line per month	0.29%	1987 Ore. Laws ch. 290 §7	Y	N	C	intra-state	N/A	N/A	1	12	12	N/A	N/A	N/A	0	
PUC Fee-RCC	0.25%	0.25%	Ore. Rev. Stat. §756.310	Y	N	B	intra-state	P	N/A	1	1	1	N/A	N/A	N/A	0	Does not apply to wireless
Telecommunications Utility Franchise fee	<or=7%	7.00%	Ore. Rev. Stat. §221.515	Y	N	B	intra-state	S	Y	83	12	996	Y	N	Y	0	See Transaction Tax Footnote 2.

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	1.30%	0.00%	1.30%	c	cim	1.30%	L	cim	Local Ass'ors Cap Rentl
Tang. Pers. Prop.	1.30%	0.00%	1.30%	c	cim	1.30%	L	c	
Intang. Pers. Prop.	1.30%	0.00%	1.30%	c	cim	1.30%	L	c	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax (NO STATE SALES TAX)			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	N/A	N			N/A	N/A	N/A	
Poles/wires/conduits	N/A	N			N/A	N/A	N/A	
COE	N/A	N			N/A	N/A	N/A	
Mfg equipment	N/A	N			N/A	N/A	N/A	
Cell site/switches	N/A	N			N/A	N/A	N/A	
Broadband eqmt.	N/A	N			N/A	N/A	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

Transaction Tax Notes:
1. The State USF surcharge rate is currently 5.6% percent, effective August 10, 2004
2. In April 2001, the U.S. Circuit Court struck down local ordinances in Washington State which required extensive application and reporting procedures for a franchise to use local rights-of-way. (*City of Auburn [Washington] v. Qwest Corp.*, 260 F.3d 1160 (9th Cir. 2001)). In Oregon, taxpayers relied on the case to protest utility franchise fees in local disputes which were not resolved as of late 2001.

Equipment Exemptions Note:
Real v. Personal is "N/A" because state assesses without distinction between real and personal.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
Oregon	0	0	0.00%	0.00%	0	0	0	0	1.30%	1.30%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
1	4	7.00%	6.20%	83	3	1,017	84	1.30%	1.30%	1.30%	-	-

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State: Pennsylvania

Prepared by (name and company): Todd Lard - Nextel Communications

Cities used to Calculate Local Average Effective Rate:
Capital City: Harrisburg
Largest City: Philadelphia

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.00%	6.00%	72 PS 7202(C)	Y	Y	C	A,B*	N/A	N/A	1	12	12	N/A	N/A	N/A	10,000	* Residential subscriber line charges and basic local exempt
Local Taxes - Sales Tax	0 - 1.00%	0.50%	Phil. City Code 19-2701(1), authorized by 53 PS 12720.503; and Allegheny Co. Sales, Use and Hotel Occupancy Tax, Art. IV, sec. 1, authorized by 16 PS 6152-B	Y	Y	C	A,B*	N/A	N	2	0	0	N	N	N	0	* Residential subscriber line charges and basic local exempt
State USF			66 Pa. C. S. 3001 and Proposed Reg at 52 Pa. Code 63.161 et seq	Y	N	B	B	P	N/A	1	12	12	N/A	N/A	N/A	0	
911 tax	$2.00 - $2.25 per line	5.39%	35 PS 7012	Y	N	C	C	N/A	Y	71	12	852	Y	N	N	20,000 (2%)	Local 911 does not apply to wireless.
License Fee/tax	.15% to .5%		Per ordinance	Y	Y	B	A,B	S	Y	105	1	105	Y	Y	Y	0	
Dual Party Relay	.07 / .13 per line	0.44%	Act 34 and PUC Docket No. M-00900239	Y	N	C	C	N/A	N/A	1	12	12	N/A	N/A	N/A	0	* $.13 Business / $.07 residential
Gross Receipts	5.00%	5.00%	72 PS 8101(a)	Y	N	B	B	A*	N/A	1	1	1	N/A	N/A	N/A	0	* Interexchange companies permitted to surcharge by statute; statute silent on pass through for other telecom; statute expanded to wireless.

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	3.09%	0.00%	3.09%	C	M	2.50%	L	M	Pymt of gross receipts tax
Tang. Pers. Prop.	0.00%	0.00%	0.00%			0.00%			
Intang. Pers. Prop.	0.00%	0.00%	0.00%			0.00%			

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	N	NA		P	Y	Y	72 PS 7201(k)(8) and Reg. 32.42 - sales tax exemption for property used
Poles/wires/conduits	P	Y	N		P	Y	Y	
COE	P	Y	N		P	Y	Y	
Mfg equipment	P	Y	N		P	Y	Y	
Cell site/switches	P	Y	N		P	Y	N	SUT 98-181 - equipment used in providing cellular telecom services is
Broadband eqmt.	P	Y	N		P	Y	Y	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
PA	2	1	0.83%	6.00%	2	1	12	108	2.50%	0.00%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
3	4	5.89%	11.44%	3	4	994	182	3.09%	0.00%	0.00%	-	1

State: Rhode Island

Prepared by (name and company): Todd Lard - Nextel Communications

Cities used to Calculate Local Average Effective Rate:
Capital City: Providence
Largest City: Warwick

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	7.00%	7.00%	R.I. Gen. Laws Sec. 44-18-18.	Y	Y	C	A,B,C	N/A	N/A	1	12	12	N/A	N/A	N/A	N/A	
E911 Surcharge	$1.00/line or trunk or wireless phone	2.85%	R.I. Gen. Laws Sec. 39-21.1-14(a).	Y	N	C	N/A	N/A	N/A	1	4	4	N/A	N/A	N/A	N/A	See Footnotes 1 & 2.
PUC Fee-RCC	assessed See Footnote 3.		R.I. Gen. Laws Sec. 39-1-23(a).	Y	N	B	B	P	N/A	1	1	1	N/A	N/A	N/A	N/A	
Franchise/ROW fees	up to 3% of gross earnings	3.00%	R.I. Gen. Laws Sec. 39-17-3.	Y	N	B	N/A	S	Y		1	1	Y			N/A	
Public Service Corp Tax	5% (min $100)	5.00%	R.I. Gen. Laws Sec. 44-13-4(d).	Y	N	B	A,B,C	P See Footnote 4.	N/A	1	1	1	N/A	N/A	N/A	N/A	
TDD Surcharge	$0.09/access line or trunk	0.26%	R.I. Gen. Laws Sec. 39-1-42, RIPUC Docket No. 2046, May 1, 1998	Y	N	C	N/A	N/A	N/A	1	12	12	N/A	N/A	N/A	N/A	
Telecommunication Education Access Fund Surcharge	$0.26/access line or trunk		R.I. Gen. Laws. Sec. 39-1-16.	Y	N	C	N/A	N/A	N/A	1	12	12	N/A	N/A	N/A	N/A	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	3.59%	0.00%	3.59%	L	C	3.42%	L	C	See Footnote 5.
Tang. Pers. Prop.	4.28%	0.00%	4.28%	L,C (6)	C(6)	4.22%	L	C(6)	See Footnote 7.
Intang. Pers. Prop.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		P	N	N/A	
Poles/wires/conduits	P	N	N/A		P	N	N/A	
COE	P	N	N/A		P	N	N/A	
Mfg equipment	P	Y	N	Manufacturing equipment purchased after 12/31/74 is exempt from property tax. R.I. Gen. Laws Sec. 44-3-3(22), 44-5-38(13).	P	Y	N	Machinery and equipment used in manufacturing, processing, or conversion is exempt from sales tax. R.I. Gen. Laws Sec. 44-18-30(22).
Cell site/switches	P	N	N/A		P	N	N/A	
Broadband eqmt.	P	N	N/A		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. The 911 surcharge is not included in the sales tax base or the gross receipts tax base. R.I. Gen. Laws Sec. 39-21.1-14(b).
2. 911 returns must be filed quarterly by wireless communications providers and monthly by wireline communications providers.
R.I. Gen. Laws Sec. 39-21.1-14(d).
3. The administrator determines the expenses of the utility division each year and apportions and assesses these expenses
among the state's regulated utilities in the proportion that the gross intrastate utility operating revenues of each public utility bears to the total gross intrastate utility operating revenues of all public utilities.
4. The interstate portion can be passed on to customers as a rate surcharge. If passed on, it is subject to sales tax.
5. The commercial real property tax rate in Providence is $35.94/$1,000 and the assessment ratio is 100% of 2001 FMV.
The commercial real property rate in Warwick is $35.85/$1,000 and the assessment ratio is 100% of the FMV in 1995.
6. Telecommunications companies classified as public service corporations are assessed centrally. All other telecommunications
companies are assessed locally. The tax rate above assumes local assessment.
7. The commercial tangible personal property rate is $49.75/$1,000 in Providence and $35.85/$1,000 in Warwick. Tax rate is applied to
depreciated cost in Providence and Warwick.
8. Effective January 1, 2004, Rhode Island enacted the Telecommunication Education Access Fund Surcharge

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
RI	0	1	0.00%	7.00%	0	1	12	1	3.42%	4.22%	0.00%	1	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
0	6	3.00%	15.81%	0	6	43	1	3.42%	4.22%	0.00%	-	-

State: South Carolina

Prepared by (name and company): Tom Jankowski / Jon Stokes (Cingular Wireless) and Elliott Thompson (BellSouth)

Cities used to Calculate Local Average Effective Rate:
Capital City: Columbia
Largest City: Charleston

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allowed (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	5.00%	5.00%	12-36-90	Y	Y	B	C	A	N/A	1	12	12	N/A	N/A	N/A	$3,000 max per fiscal year	See local sales tax also.
911 tax	$1.50 Max	7.41%	Local Ordinances	Y	N	C	N/A	S	Y	39	12	468	Y	N	N	Varies	Total number of jurisdictions obtained from Vertex.
PUC Fee	0.20%	0.20%	58-3-100	Y	N	B	B,C	S	N/A	1	1	1	N/A	N/A	N/A	N	Expenses of commission allocated to utilities based on intrastate gross receipts.
Municipal Business License Tax	0.75%	0.75%	58-9-2220	Y	N	B	A,B,C	A	N	268	1	1	N	N	N	N	Figures based on potential impact of recently enacted license fee provisions. See Footnote 3.
Franchise/ROW fees	3.0%	3.00%	Local Ordinances	Y	N	B	C	A	Y	15	Varies	180	N	N	N	N	Franchise fees will be phased out with implementation of recently enacted license fee provisions.
State License Fee	0.30%	0.30%	12-19-110	Y	N	B	B,C	S	N/A	1	1	1	N/A	N/A	N/A	N	
Local Sales Tax	0%-2%	0.50%	4-10-30	Y	Y	B	C	A	N	46	0	0	Y	N	N	$3,000 max per fiscal year	See state sales tax.
Telephone Relay	$.10 per access line	0.49%	58-9-2510	Y	N	C	N/A	S	N/A	1	12	12	N/A	N/A	N/A	N	
Business License	Varies	-	Local Ordinances	N	Y	B	N/A	S	Y	268	1	268	Y	Y	Y	N	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	3.14%	0.00%	3.14%	C	C,I,M	3.09%	L	C,I,M	See Footnotes 1 & 2.
Tang. Pers. Prop.	3.14%	0.00%	3.14%	C	C,I,M	3.09%	L	C	
Intang. Pers. Prop.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N		R	N	N	
Poles/wires/conduits	P	N	N		R	N	N	
COE	P	N	N		P	N	N	
Mfg equipment	P	N	N		P	Y	N	
Cell site/switches	P	N	N		P	N	N	
Broadband eqmt.	P	N	N		P	N	N	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. Wireless/Wireline - Wireless/wireline companies are centrally assessed using an assessment ratio of 10.5%.
2. Intangibles are included in the valuation of Tangible Personal Property.
3. 2003 Legislation increased the maximum municipal business license tax from 0.30% to 0.75%.

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COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
SC	2	1	0.50%	5.00%	2	1	280	269	3.14%	3.14%	N/A	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
4	4	8.66%	5.99%	4	4	675	326	3.14%	3.14%	N/A	-	-

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State: South Dakota

Prepared by (name and company): Jan Hill - Qwest

Cities used to Calculate Local Average Effective Rate:
Capital City: Pierre
Largest City: Sioux Falls

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
Sales & Use Tax - State	4.00%	4.00%	10-45-2 & 10-45-6.1	Y	Y	B (C for telecomm)	B	A	N/A	1	12	12	N/A	N/A	N/A	0	State & City filed together.
Sales & Use Tax - City	0% - 4%	1.86%	10-52-2	Y	Y	B (C for telecomm)	B	A	N	275	0	0	Y	N	N	0	City 2% cap; cities with Tribal territory 4% cap
PUC Fee	0.15%	0.15%	49-1A-3	Y	N	B	B	S	N/A	1	1	1	N/A	N/A	N/A	0	Minimum tax of $250
911 Excise Tax	.75 per line	2.14%	34-45-2 & 34-45-4	Y	N	C	N/A	R	Y	60	4	240	Y	N	N	$10,000	Vendor's comp is greater of 1% or $25.
Telephone Relay Serv.	.15 per line	0.43%	49-31-47 & 49-31-51	Y	N	C	N/A	R	N	1	6	6	N/A	N/A	N/A	$10,000	Vendor's comp is greater of 1% or $100.
State Gross Receipts Tax Wireless	4.00%	4.00%	10-33A-4	Y	N	B	A,B	S	N/A	1	12	12	N/A	N/A	N/A	$10,000	Wireless exempt from property tax as offset. Vendor comp is greater of 1% or $100.

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.15%	0.00%	2.15%	C	C,I,M	2.15%	L	C,I,M	
Tang. Pers. Prop.	2.15%	0.00%	2.15%	C	C,I,M	0.00%			
Intang. Pers. Prop.	2.15%	0.00%	2.15%	C	C,I,M	0.00%			
Wireless Real & Tangible	0.00%	0.00%	0.00%						

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R *	N	N/A		P	N	N/A	
Poles/wires/conduits	P	N	N/A		P	N	N/A	
COE	P	N	N/A		P	N	N/A	
Mfg equipment	P	N	N/A		P	N	N/A	
Cell site/switches	P	N	N/A		P	N	N/A	
Broadband eqmt.	P	N	N/A		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

Property tax - Centrally assessed property value based on business value and locally assessed based only on real estate value.
* Towers are generally considered real property, although there is not a clear definition.
2% contractor's excise tax on all realty improvements.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
SD	1	1	1.86%	4.00%	0	1	12	275	2.15%	0.00%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
2	4	4.00%	4.58%	2	1	271	339	2.15%	2.15%	2.15%	-	-

State: Tennessee

Prepared by (name and company): Tom Jankowski / Jon Stokes (Cingular Wireless) and Elliott Thompson (BellSouth)

Cities used to Calculate Local Average Effective Rate:
Capital City: Nashville
Largest City: Memphis

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	7.00%	7.00%	67-6-102	Y	Y	C	A,B,C	R	N/A	1	12	12	N/A	N/A	N/A	N	State level sales tax included on all returns. See local sales tax for total number of returns.
State sales tax-business	7.50%	7.50%	67-6-221	Y	N	C	A	R	N/A	1	12	12	N/A	N/A	N/A	N	Exempt from local taxes. See Footnote 2.
911 tax	$2 Max	4.00%	7-86-108	Y	N	C	N/A	S	Y	93	12	1,116	Y	N	N	Varies	Total number of jurisdictions obtained from Vertex.
Wireless 911 tax	$3 Max	2.00%	7-86-108	Y	N	C	N/A	S	N/A	1	12	12	N/A	N/A	N/A	30,000	
PUC Fee	0.15%	0.15%	65-4-303	Y	N	B	B,C	S	N/A	1	1	1	N/A	N/A	N/A	N	See Footnote 2.
Memphis Franchise	5.00%	N/A	Ord. 3037	Y	N	B	B,C	A	Y	1	4	4	N	N	N	N	
Maryville Franchise	0.50%	N/A	Local Ordinance	Y	N	B	C	R	Y	327	0	0	N	N	N	N	
Local Sales Tax	0%-2.75% (See Note)	2.25%	67-6-702	Y	Y	C	B,C	A	Y	1	12	12	Y	N	N	N	Local rates do not apply to interstate service sold to businesses. See Footnote 2.
Dual Party Relay	0.04%	0.04%	65-21-115	Y	N	B	B,C	A	N/A	1	1	1	N/A	N/A	N/A	N	
Local Sales Tax - Interstate	1.50%	1.50%	67-6-702(g)	Y	N	C	A	R	N	1	0	0	N	N	N	N	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.21%	0.5490%	1.67%	C	C,I,M	1.25%	L	C,I,M	See Footnotes 4 & 5.
Tang. Pers. Prop.	2.21%	0.5490%	1.67%	C	C,I,M	1.25%	L	C	See Footnotes 4 & 5.
Intang. Pers. Prop.	2.21%	0.5490%	1.67%	C	C,I,M	N/A	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	N	N		R	N	N	
Poles/wires/conduits	P	N	N		R	Y	Y	Utility poles, anchors, guys, conduits exempt. Rev. Rul 97-02
COE	P	N	N		P	N	N	
Mfg equipment	P	N	N		P	Y	N	
Cell site/switches	P	N	N		P	N	N	
Broadband eqmt.	P	N	N		P	N	N	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. The maximum PUC fee authorized is .20% of Gross Receipts in excess of $1M.
2. Interstate telecommunications services sold to businesses are exempt from local sales taxes per 67-6-702.
3. Wireless - Wireless companies are centrally assessed at an blended assessment ratio of 32%.
4. Wireline - Wireline companies are centrally assessed at a blended assessment ration of approximately 52%.

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COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
TN	1	1	2.25%	7.00%	1	1	3,936	328	1.25%	1.25%	N/A	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
5	3	6.67%	7.19%	5	3	1,135	425	1.67%	1.67%	1.67%	-	-

State: Texas

Prepared by (name and company): William A. Dvorak (AT&T Corp.) and Darrell Torgerson (SBC Communications, Inc.)

Cities used to Calculate Local Average Effective Rate:
Capital City: Austin
Largest City: Dallas

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.25%	6.25%	Sec. 151.0101 (a)(6), Tax Code	Y	Y	C	A, B, C	N/A	N/A	1	12	12	N/A	N/A	N/A	$ 5,000.00	Interstate calls taxed if both "originated and billed" in Texas.
Local sales tax	0.00%-2.00%	2.00%	Sec. 321.103; Sec. 322.101; Sec. 323.103; Sec. 323.104; Sec. 323.105, Tax Code; Sec. 451.404 Transportation Code	Y	Y	C	B, C	N/A	N	392	12	12	Y	N	N	$ 5,000.00	
911Tax-Local (1)	$0.20-$2.40	2.77%	Sec. 772.114, Health and Safety Code	Y	N	C	Per line	N/A	Y	71	12	852	Y	Y	Y	Varies	Vendor Comp for COG's (1%); ECD's (2%), HRM's (0%)
Equalization Surcharge (1)	0.60%	0.60%	Sec. 771.072, Health and Safety Code; 1 TAC Sec. 255.1; 1 TAC Sec. 255.2; 1 TAC, Sec. 255.9	Y	N	C	B	N/A	N/A	1	12	12	N/A	N/A	N/A	$10,000	
911 Tax-Wireless (1)	$0.50	1.00%	Sec. 771.0711, Health and Safety Code	Y	N	C	Per line	N/A	N/A	1	12	12	N/A	N/A	N/A	$10,000	
State USF	Varies by Provider (2)	5.65%	Sec. 56.022 Utilities Code; Sec. 26.420 Texas Public Utilities Substantive Rules	Y	N	B	B	A	N/A	1	1	1	N/A	N/A	N/A	N/A	If pass-through to end-users, fee subject to sales tax(es)
PUC Fee-Gross Receipts	0.1667%	0.1667%	Sec. 52.060 Utilities Code; Sec. 16.001 Texas Public Utilities Substantive Rules	Y	N	B	B	A	N/A	1	1	1	N/A	N/A	N/A	N/A	If pass-through to end-users, fee subject to sales tax(es)
PUC Fee-Access Lines	0.050054531	0.25%	Sec. 26.7 Texas Public Utilities Substantive Rule	Y	N	B	Per line	P	N/A	1	1	1	N/A	N/A	N/A	N/A	
Gross Receipts - City right-of-way fee	0%-12% (3)	6.35%	Sec. 283-051 Texas Local Government Code	Y	N	B	C	A	Y	550	4	2,200	Y	Y	Y	N/A	
Telecommunications Infrastructure Fund - TIF	1.25%	1.25%	Sec. 57.048 Utilities Code	Y	N	B	A, B, C	A	N/A	1	4	4	N/A	N/A	N/A	N/A	If pass-through to end-users, fee subject to sales tax(es)

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.695%	0.00%	2.695%	L	Varies	2.695%	L	Varies	
Tang. Pers. Prop.	2.695%	0.00%	2.695%	L	UNIT (C,I & M)	2.695%	L	UNIT (C,I & M)	
Intang. Pers. Prop.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	N/A		R	N	N/A	
Poles/wires/conduits	P	N	N/A		R	N	N/A	
COE	P	N	N/A		P	N	N/A	
Mfg equipment	P	N	N/A		P	Y	N/A	
Cell site/switches	P	N	N/A		P	N	N/A	
Broadband eqmt.	P	N	N/A		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. The Equalization Surcharge consists of the 911 Equalization Surcharge billed at 0.30% and the Poison Control Surcharge billed at 0.30%, resulting in a combined total tax rate of 0.60%.
2. Assessments shall be made to each telecommunications provider based upon its monthly taxable telecommunications receipts reported by that telecommunications provider under Chapter 151, Tax Code.
3. Does not aply to wireless.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
TX	1	1	2.00%	6.25%	1	1	12	1	2.70%	2.70%	N/A	1	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
3	7	11.12%	14.17%	3	1	3,107	1,012	2.70%	2.70%	N/A	-	-

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State: Utah

Prepared by (name and company): Jan Hill - Qwest

Cities used to Calculate Local Average Effective Rate:
Capital City: Salt Lake City
Largest City: Provo

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	4.75%	4.75%	§59-12-103	Y	Y	C	B	N/A	N/A	1	12	12	N/A	N/A	N/A	$13,100	Vendor comp is 1.31%.
Poison Control surcharge	$.07 per line	0.20%	§69-2-5.5	Y	N	C	C	N/A	N/A	1	12	12	N/A	N/A	N/A	0	Poison Control, state 911 and local 911 filed together monthly.
State USF surcharge	0.90%	0.90%	§54-8b-15	Y	N	C	B	S	N/A	1	12	12	N/A	N/A	N/A	0	
PUC Fee-RCC	0.30%	0.30%	§54-5-1.5	Y	N	B	B	N/A	N/A	1	1	1	N/A	N/A	N/A	0	
State 911 Tax	$0.13 per line	0.37%	§69-2-5.6	Y	N	C	C	N/A	N/A	1	0	0		N/A	N/A	0	
Local 911 Tax	$0.00 - $0.65 per line	1.85%	§69-2-5	Y	N	C	C	N/A	Y	239	0	0	N	N	N	0	
Franchise/ROW fees																	Assessed at cost.
Local Sales Tax	1% - 3%	1.50%	§59-12-201	Y	Y	C	B	N/A	N	275	12	12	Y	N	N	$13,100	Includes array of local taxes.
DEAF surcharge	$.10 per line	0.49%	§54-8b-10	Y	N	C	C	N/A	N/A	1	4	4	N/A	N/A	N/A	N/A	
Telecommunications Gross Receipts Tax	4.00%	4.00%	§10-1-204	Y	N	B	B	A	N	239	N/A	12	N	N	N	$0	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	1.20%	0.00%	1.20%	C	CIM	1.20%	L	CIM	
Tang. Pers. Prop.	1.20%	0.00%	1.20%	C	CIM	1.20%	L	CIM	
Intang. Pers. Prop.	N/A	0.00%	N/A					N/A	Although the statute exempts intangibles, by regulation, goodwill is not treated as an intangible.

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	N/A	N			P	Y	N	Not subject to tax once attached to realty; it becomes real property.
Poles/wires/conduits	N/A	N			P	Y	N	Not subject to tax once attached to realty; it becomes real property.
COE	N/A	N			P	N	N/A	N/A
Mfg equipment	N/A	N			P	Y	N	Exemption is available for certain purchases.
Cell site/switches	N/A	N			P	N	N/A	N/A
Broadband eqmt.	N/A	N			P	N	N/A	N/A

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

Property tax is state assessed and there is no distinction between real and personal property.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
Utah	1	1	1.50%	4.75%	1	1	12	275	1.20%	1.20%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
4	5	7.55%	6.81%	2	3	65	275	1.20%	1.20%	1.20%	-	-

State: Vermont

Prepared by (name and company): Scott Mackey (Kimbell Sherman Ellis) and Steven Storck (Telephone & Data Systems)

Cities used to Calculate Local Average Effective Rate:
Capital City: Montpelier
Largest City: Burlington

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.00%	6.00%	V.S.A. Tit. 32, Sec. 9771	Y	Y	C	N/A	N/A	N/A	1	12	12	N/A	N/A	N/A	0	See Footnote 1.
911 tax	N/A											0					
State USF	1.27%	1.27%	Ch 88,Sec. 7521(a)	Y	N	C	A,B,C	N/A	N/A	1	12	12	N/A	N/A	N/A	0	
PUC Fee-RCC	0.05% or $500	0.05%	V.S.A. Tit. 30, Sec. 22(2)	Y	N	B	A,B,C See Footnote 2	P	N/A	1	1	1	N/A	N/A	N/A	0	See Footnote 2.
License Fee/tax	N/A											0					
Franchise/ROW fees	N/A											0					
Gross Receipts	N/A											0					
Local Taxes	N/A											0					

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.4714%	0.00%	2.4714%	L	C	2.4714%	L	C	
Tang. Pers. Prop.	2.3700%	0.00%	2.3700%	C	NBV	2.4714%	L	C	See Footnote 3.
Intang. Pers. Prop.	N/A								

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	R	N	N		R	N/A	N/A	
Poles/wires/conduits	P	N	N		P	N	N/A	
COE	P	N	N		P	N	N/A	
Mfg equipment	R	N	N		P	Y	N	Must manufacture tangible personal property.
Cell site/switches	P	N	N		P	N	N/A	
Broadband eqmt.	P	N	N		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. $20 per month per line for each residential purchaser of local exchange service is exempt from sales tax on services. Exemption sunsets 90 days after Vermont's certification as a Streamlined Sales and Use Tax Agreement participating state.
2. Tax is imposed on "Gross Operating Revenue."
3. Towns may exempt machinery and equipment.

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COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
Vermont	0	1	0.00%	6.00%	0	1	12	1	2.47%	2.47%	0.00%	1	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
0	3	0.00%	7.27%	0	3	25	1	2.47%	2.37%	0.00%	0	0

State: Virginia

Prepared by (name and company): Tramell Alexander (Verizon Wireless) and Todd Lard (Nextel Communications)

Cities used to Calculate Local Average Effective Rate:
Capital City: Richmond
Largest City: Virginia Beach

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	3.50%	3.50%	Va. Code § 58.1-603	N	Y	C	N/A	N/A	N/A	1	12	12	N/A	N/A	N/A	19,426	State sales tax rate increased to 4.0% as of 8/1/04
Local Sales Tax	1.00%	1.00%	Va. Code § 58.1-605	N	Y	C	N/A	N/A	N/A	95	12	12	N/A	N/A	N/A	N/A	Local sales tax is reported on state tax return.
State 911 Wireless Surcharge ("E-911")	$0.75 @line	1.50%	Va. Code § 56-484.12	Y	N	C	B,C	N/A	N/A	1	12	12	N/A	N/A	N/A	See note	Compensating deduction allowed in the amount of 3% of the tax due.
Local 911 Tax - Landline	Up to $3.00 @line	13.35%	Va. Code § 58.1-3813.1	Y	N	C	B,C	N/A	Y	121	12	1,452	Y	Y	N/A	See note	Transaction Tax Note 1
State TRS	$.16 @ line	0.79%	Va. Code § 56-484.6	Y	N	C	B,C	A	N/A	1	1	1	N/A	N/A	N/A	See note	Transaction Tax Note 2
PUC Fee -- "Regulatory Tax"	0.20%	0.20%	Va. Code § 58.1-2660	Y	N	B	B,C	S	N/A	1	1	1	N/A	N/A	N/A	N/A	
Utility Users Tax - Landline	4% - 25% of local max. amount	19.70%	Va. Code § 58.1-3812	Y	N	C	B,C	N/A	Y	124	12	1,488	Y	Y	N/A	N/A	Transaction Tax Note 3
Utility Users Tax - Wireless	10% of local max. amt	6.00%	Va. Code § 58.1-3812	Y	N	C	B,C	N/A	Y	59	12	708	N	Y	N/A	N/A	Landline and wireless may be reported on one return, thus reducting the number of Utility Users Tax returns.
Local License Tax	0-2.5%	1.25%	Va. Code § 58.1-3731	Y	N	B	C	P	Y	220	1	220	N	Y	N/A	N/A	Transaction Tax Note 4

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	1.30%	0.00%	1.30%	C	M,C	1.30%	L	M,C	
Tang. Pers. Prop.	1.30%	0.00%	1.30%	C	C	3.70%	L	C	
Intang. Pers. Prop.	0.00%	0.00%	0.00%						

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N			P	Y	Y	Va. Code § 58.1-609.3(3) provided an exemption from retail
Poles/wires/conduits	P	N			P	Y	Y	sales tax to companies which are regulated under state law
COE	P	N			P	Y	Y	or federal law through August 31, 2004. HB 5018 was enacted
Mfg equipment	P	N			P	Y	Y	in 2004, repealing the equipment exemption for utilities and
Cell site/switches	P	N			P	Y	Y	wireless providers. The repeal became effective September
Broadband eqmt.	P	N			P	Y	Y	1, 2004.

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

Transaction Tax Notes
1. The effective rate for the local 911 Tax on landlines is converted into a percentage from $2.70 per line, which is the average of fees imposed by Richmond ($3.00) and Virginia Beach ($2.40).
2. The TRS (Tele Relay Surcharge) is imposed only on local exchange companies. Taxpayers may retain a commission of 3% of the surcharge.
3. The Local Utility Users Tax is the average of the rates imposed by Richmond (25%) and Virginia Beach (20%). The amounts subject to tax at these rates are restricted as follows:
residential -- $20.00 (Richmond), $15.00 (Va. Beach); commercial -- $625.00 (Richmond), $400.00 (Va. Beach). Richmond imposes additional tax at 5% on commercial balances in excess of $625.00.
4. License taxes are imposed on general businesses under separate provisions of Virginia law. Local license tax billed to customers is the rate in excess of .50%. Hence, the excess burden on telecom ranges from 0-2.5%.

Property Tax Notes
1. Effective rate for property tax is the average of rates in Richmond (1.43%) and Virginia Beach (1.22%).
2. All real and personal property of public service companies are assessed at the same real estate rate. General businesses are assessed at a higher rate for tangible personal property.
On the other hand, depreciation schedules are less favorable for Telcos than for general businesses.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
VA	2	1	1.00%	3.50%	95	1	12	96	1.33%	3.70%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
4	3	26.99%	2.78%	524	3	3,174	316	1.33%	1.33%	0.00%	-	1

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State: Washington

Prepared by (name and company): Steven Storck (Telephone & Data Systems) and David Van Ness (T-Mobile)

Cities used to Calculate Local Average Effective Rate:
Capital City: Olympia
Largest City: Seattle

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction (A)	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.50%	6.50%	82.08.020	Y	Y	C	A,B,C	N/A	N/A	1	12	12	N/A	N/A	N/A	0	Residential wireline is exempt
PUC Fee	0.20%	0.20%	80-24-010	Y	N	B	B	P	N/A	1	1	1	N/A	N/A	N/A	0	Does not apply to wireless
License Fee/tax	Varies		Per ordinance	Y	Y	B	N/A	S	Y	69	1	69	Y	Y	Y	0	Can be flat fee, employee, location or gross revenue based. See: Seattle Municipal Code 5.45.050 (0.215% of sales) and Olympia Municipal Code 5.04.100 ($25 per year)
Gross Receipts - Local	5.00%	0.00%	Lummi & Swinomish Codes	Y	Y	B	A,B,C	A	Y	2	4	8	N	N	N	0	Tribal gross receipts tax. Very similar to B&O Local Telecom
Sales Tax - Local	Varies - up to 1.9%	1.70%	82.14.030	Y	Y	C	A,B,C	N/A	N	332	0	0	Y	N	N	0	Includes Prior Transit Bond Authority
Sales Tax - RTA	0.40%	0.20%	82.14.045	Y	Y	C	A,B,C	N/A	N	1	0	0	N/A	N/A	N/A	0	Regional Transit Authority Multiple jurisdictions included but tax filed as one amount on Combined Excise Tax Return
B&O - State	0.471%	0.471%	82.04.250	Y	Y	B	A,B,C	P	N/A	1	0	0	N/A	N/A	N/A	0	0.471% retail rate, 1.5% service rate, 0.484% wholesale rate
B&O - Local	Varies - up to 0.215%	0.158%	Const. Art VII, Sec 1	Y - See comment	Y	B	A,B,C	S	Y	117	4	468	Y	Y	Y	0	Cities charge either the local B&O or the utility B&O, but not both. Determined by revenue type
B&O Local Telecom, Utility Franchise Tax	Varies - up to 6.383%	6.192%	35.21.870	Y	N	B	B,C	A	Y	282	12	3,384	Y	Y	N	0	Due to compounding, the effective rate of the statutory 6% rate may be 6.383%
911 Excise Tax - County	.50 wireline, .25 wireless	1.07%	82.14B.030	Y	N	C	C	N/A	Y	39	12	468	Y	N	N	0	King County rate is .35 per line for wireline
911 Excise Tax - State	.20 per line	0.99%	82.14B.030	Y	N	C	C	N/A	N	1	12	12	N/A	N/A	N/A	0	Not applied to wireless.
Telephone Relay Surcharge	.15 per line	0.74%	43.20A.725	Y	N	C	C	R	N/A	1	12	12	N/A	N/A	N/A	0	Not applied to wireless.
Telephone Asst. Plan	.13 per line	0.64%	80.36.430	Y	N	C	C	R	N/A	1	12	12	N/A	N/A	N/A	0	Not applied to wireless; capped at .14 per line

(A) Due to combined state return, local sales, RTA sales and state B&O not treated as additional returns

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)(1)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)(2)	Comments/footnotes:
Real Property	1.233%	0.00%	1.233%	C	C,I,M	1.233%	L	C,I,M	
Tang. Pers. Prop.	1.233%	0.00%	1.233%	C	C,I,M	1.233%	L	C,I,M	
Intang. Pers. Prop.	0.00%	0.00%	0.00%	NA	NA	0.00%	NA	NA	Intangible property is generally exempt

(1) Telecommunication companies operating solely within one county may be locally assessed
(2) All valuation methods may be used, and sometimes are, but the most common method is cost only

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N	NA		P	N	NA	
Poles/wires/conduits	P	N	NA		P	N	NA	
COE	P	N	NA		P	N	NA	
Mfg equipment	P	N	NA		P	Y	N	82.08.02565
Cell site/switches	P	N	NA		P	N	NA	
Broadband eqmt.	P	N	NA		P	N	NA	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
WA	4	2	2.06%	6.97%	3	2	549	519	1.30%	1.30%	N/A	1	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
7	6	9.33%	9.93%	6	6	4,446	848	1.30%	1.30%	0.00%	-	-

State: West Virginia

Prepared by (name and company): Robert Cole (Sprint) and Julio Duarte (Nextel Communications)

Cities used to Calculate Local Average Effective Rate:
Capital City: Charleston (also largest)
Largest City: Huntington (2nd largest)

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	6.00%	6.00%	§11-15-1 *et seq.*	Y	Y	C	A,B,C	N/A	N/A	1	12	12	N/A	N/A	N/A	0	Competitive services provided by non-regulated telcos only
911 tax (state wireless fee)	wireless rate $1.48 per line	2.97%	§24-6-6b	Y	N	C	per line	N/A	N/A	1	12	12	N/A	N/A	N/A	$30,000 (3%)	
911 tax County	LEC rate $.55 to $3.75 per month per line	8.65%	§7-1-3cc	Y	N	C	B	N/A	Y	55	12	660	Y	N	N	0	Vendor may recover "cost of billing" (amount not specified)
PUC Fee-RCC	0.35%	0.35%	§24-3-6(b)	Y	N	B	B	S	N/A	1	1	1	N/A	N/A	N/A	0	
Gross Receipts	4.00%	4.00%	§11-13-1 *et seq.*	Y	N	B	A,B,C	S	N/A	1	1	1	N/A	N/A	N/A	0	Only applies to non-competitive services
Local excise tax	up to 2%	1.00%	§8-13-5a	Y	N	C	C	N/A	Y	37	12	444	Y	N	N	0	
TRS Surcharge	$0.10 per local exchange access line	0.49%	CRS §150-21-5	Y	N	C	C	N/A	N/A	1	12	12	N/A	N/A	N/A	0	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	0.48%	0.00%	0.48%	C	C,I, M	0.48%	L	M	
Tang. Pers. Prop.	0.48%	0.00%	0.48%	C	C,I, M	0.48%	L	C	
Intang. Pers. Prop.	0.00%	0.00%	0.00%	N/A	N/A	0.00%	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N			P	Y	N	must pay tax and apply for refund or credit; or use direct pay permit
Poles/wires/conduits	P	N			P	Y	N	same
COE	P	N			P	Y	N	same
Mfg equipment	P	N			P	Y	N	same
Cell site/switches	P	N			P	Y	N	same
Broadband eqmt.	P	N			P	Y	N	same

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
West Virginia	0	1	0.00%	6.00%	0	1	12	1	0.48%	0.48%	0.00%	-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
2	5	9.65%	13.81%	2	5	1,142	93	0.48%	0.48%	0.00%	-	1

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State: Wisconsin

Prepared by (name and company): Steven Storck - Telephone and Data Systems

Cities used to Calculate Local Average Effective Rate:
Capital City: Madison
Largest City: Milwaukee

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	5.00%	5.00%	Sec. 77.52 (2)	Y	Y	B	A,B,C	A		1 (state)	12	12	N/A	N/A	N/A	5,000 (1)	
County sales tax	0.5%	0.50%	Sec. 77.70	Y	Y	B	A,B,C	A	N	57	12	12	N	N	N	5,000 (1)	filed on State Return
Baseball stadium sales tax	0.1%	0.050%	Sec. 77.705	Y	Y	B	A,B,C	A	N	5	12	12	N	N	N	5,000 (1)	filed on State Return
Football stadium sales tax	0.5%	0.00%	Sec. 77.706	Y	Y	B	A,B,C	A	N	1 (one)	12	12	N	N	N	5,000 (1)	filed on State Return
911 tax	.14 - .92 See Footnote 2	0.80%	Sec. 146.70	Y	N	B	C	R	Y	67	4	268	Y	N	N		
State USF	1.0511%	1.0511%	Sec. 196.218	Y	N	B	B	P See Footnote 3	N/A	1	1	1	N/A	N/A	N/A		rate and fee allocated cost
PUC Fee	0.114746%	0.114746%	Sec. 196.85	Y	N	B	A,B,C	S	N/A	1	1	1	N/A	N/A	N/A		rate and fee allocated cost
TRS surcharge	0.144277%	0.144277%	Sec.196.858	Y	N	B	A,B,C	P	N/A	1	1	1	N/A	N/A	N/A		rate and fee allocated cost
												0					
												0					
												0					
												0					
												0					

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	2.001053%	0.000%	2.001053%	C	C		L	C	See Footnote 4.
Tang. Pers. Prop.	2.001053%	0.000%	2.001053%	C	C		L	C	See Footnote 4.
Intang. Pers. Prop.	0.00%	0.00%	0.00%	N/A	N/A		N/A		

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	P	N			R,P (5)	N		
Poles/wires/conduits	P	N			R,P (5)	N		
COE	P	N			P	N		
Mfg equipment	P	Y	N/A	Property exempt if used exclusively and directly in mfg tpp. Wis. Stat. Sec. 70.11(27)(b).	P	Y	N/A	Property exempt if used exclusively and directly in mfg tpp. Wis. Stat. Sec. 77.54(6)
Cell site/switches	P	N			P	N		
Broadband eqmt.	P	N			P	N		

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

1. Vendor's compensation is 0.5% of the sum of state, county and stadium sales taxes.
2. Monthly charge per line in cents
3. Telecommunications utilities that elect to be price-regulated under Wis. Stat. Sec. 196.196 may impose "surcharges to access service rates, including to the carrier common charge or to subsititute rate elements, as a means of collecting access customers' share of" USF charges. Wis. Stat. Sec. 196.196(2)(d).
4. Average property tax rate provided by Washington Department of Revenue.
5. Towers, poles, wires, conduits are reported as personal property in property tax reporting. Same for sales tax reporting if installed on easements or leased land, but considered real property if installed on property owned by the utility.

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COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
WI	2	1	0.60%	5.00%	1	1	12	55	2.67%	2.67%		-	1

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
3	4	1.06%	6.07%	3	4	267	124	2.86%	2.86%		-	-

State: Wyoming

Prepared by (name and company): Jan Hill - Qwest

Cities used to Calculate Local Average Effective Rate:
Capital City: Laramie County Rate: 2%
Largest City: Natrona County Rate: 1%

TRANSACTION TAXES & FEES

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Fee/Tax Based on Revenue	Rate	Average Effective Rate	Statutory Citation	Tax apply to Telephone Business? (enter Y or N)	Tax apply to General Business? (enter Y or N)	Tax imposed on Business Or Customer? (enter B or C)	Tax apply to (A) inter-, (B) intra, and/or (C) Local service)	If Business tax, does code Prohibit (P), Require (R), Allow (A), or is it Silent (S) re: Pass Thru?	If local tax, is it filed locally? (enter Y or N)	# of Juris. that apply (if it is a state tax input 1)	# of returns per year per jurisdiction	Total # of annual returns (automatic)	If local tax, do tax rates vary? (enter Y or N)	If local tax, do tax bases vary by jurisdiction? (enter Y or N)	If local tax, do tax exemptions vary by jurisdiction? (enter Y or N)	$ Amount of Vendor's comp on $1M of fees/tax/mo	Comments/footnotes
State sales tax	4.00%	4.00%	39-15-104	Y	Y	C	B	N/A	N/A	1	12	12	N/A	N/A	N/A	0	
Local 911 tax	up to .75/line	2.14%	16-9-103	Y	N	C	N/A	N/A	Y	17	4	68	Y	N	N	$10,000	Only applies to LECs.
State USF	0.00%	0.00%	37-15-501	Y	N	B	B	A	N/A	1	12	12	N/A	N/A	N/A	0	
PUC Fee-RCC	0.2291%	0.2291%	37-2-107	Y	N	B	B	S	N/A	1	3	3	N/A	N/A	N/A	0	
Local Taxes	1.00-2.00%	1.50%	39-15-204	Y	Y	C	B	R	N	23	N/A	N/A	Y	N	N	0	
State TRS	.06 per line	0.17%	16-9-209	Y	N	C	N/A	R	N/A	1	12	12	N/A	N/A	N/A	$10,000	

PROPERTY TAXES

S	T	U	V	W	X	Y	Z	AA	BB
Property	Telco Effective Rate	Less rate reduction due to credit	Adjusted Effective Rate	Telco Prop. Tax Locally vs. Centr. Admin'd (enter L or C)	Telco FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	General Business Effective Rate	Gen. Bus. Locally vs. Centr. Admin'd (enter L or C)	General FMV based on Cost (C) Cap'd Inc (I) or Mkt (M) (enter C, I or M)	Comments/footnotes:
Real Property	0.79%	0.00%	0.79%	C	C,I,M	0.65%	L	C,I,M	
Tang. Pers. Prop.	0.79%	0.00%	0.79%	C	C,I,M	0.65%	L	C,I,M	
Intang. Pers. Prop.	0.79%	0.00%	0.79%	C	C,I,M	0.65%	N/A	N/A	

EQUIPMENT EXEMPTIONS

	CC	DD	EE	FF	GG	HH	II	JJ
	Property Tax				Sales Tax			
Property	Real vs. Personal (enter R or P)	Exemption or Credit Available? (enter Y or N)	Exemption limited to regulated or public utility cos? (enter Y or N)	If Yes, Please Describe	Real v. Personal Property? (R or P)	Exemption or Credit Available? (Y or N)	Exemption limited to regulated or public utility cos? (Y or N)	If Yes, Please Describe
Towers	N/A (No distinction is made)	N	N/A		P	N	N/A	
Poles/wires/conduits	N/A (No distinction is made)	N	N/A		P	N	N/A	
COE	N/A (No distinction is made)	N	N/A		P	N	N/A	
Mfg equipment	N/A (No distinction is made)	N	N/A		P	N	N/A	
Cell site/switches	N/A (No distinction is made)	N	N/A		P	N	N/A	
Broadband eqmt.	N/A (No distinction is made)	N	N/A		P	N	N/A	

Please list any general comments below that should be noted regarding this state. Include a brief description of any law changes taking effect after July 1, 2004 that would change the information above.

Although intangible property is nontaxable, there is disagreement regarding what is included in the definition of intangibles (WS 39-11-101).

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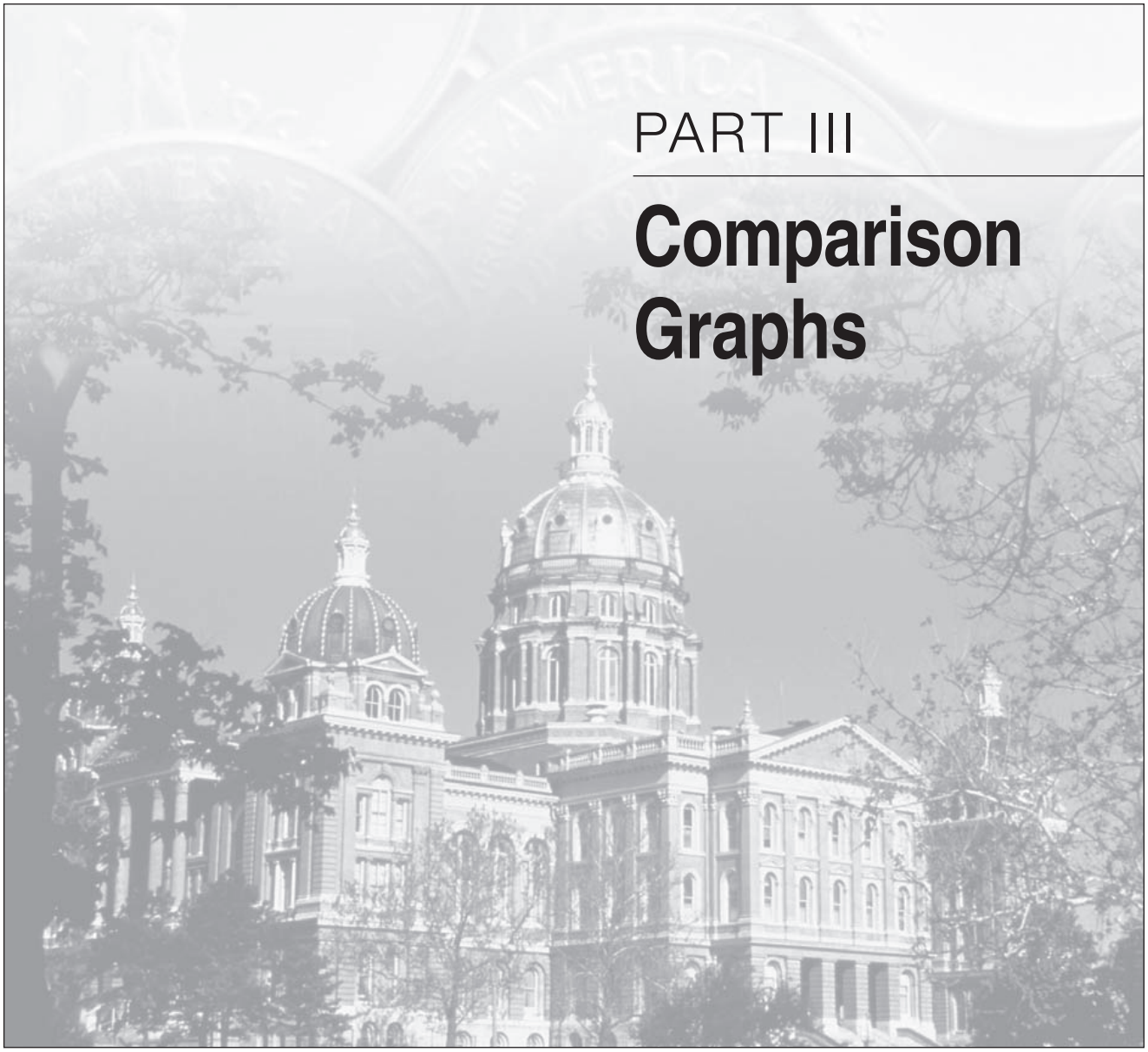
COST TELECOMMUNICATIONS TAX STUDY - State Summary Sheet

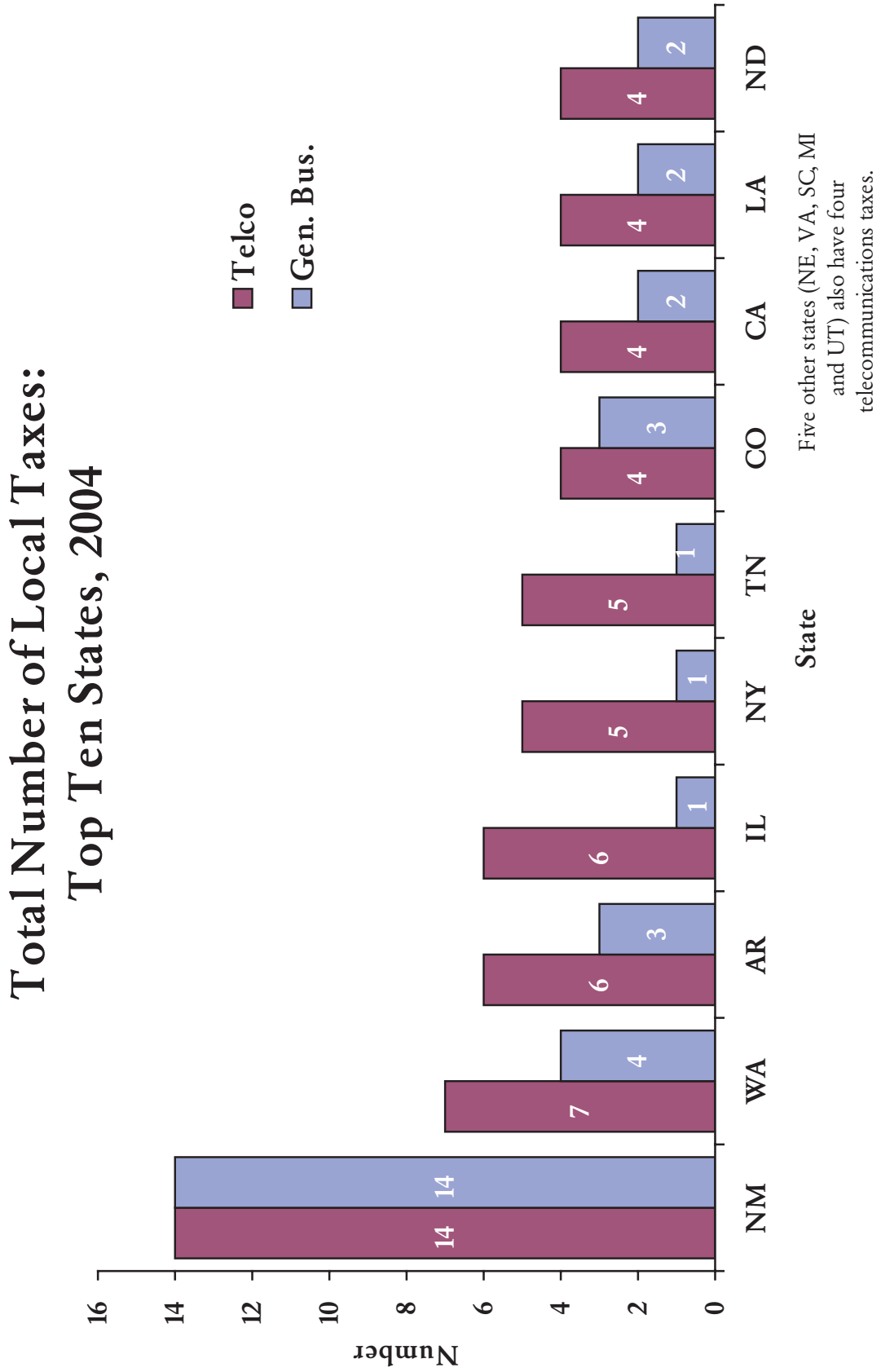
	General Business												
State	Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? (INPUT 1 IF YES, 0 IF NO)	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
WY	2	1	1.50%	4.00%	1	1	12	24	0.65%	0.65%	0.00%	-	-

Telecommunications												
Total # of Local Taxes Applied to Sales	Total # of State Taxes Applied to Sales	Total Local Tax Rate Applied to Sales	Total State Tax Rate Applied to Sales	# of Local Tax Bases that Must Be Maintained	# of State Tax Bases that Must Be Maintained	Total # of Returns Remitted Per Year	Total # of Taxing Jurisdictions	Property Tax Effective Rate - Real Property	Property Tax Effective Rate - Tangible Property	Property Tax Effective Rate - Intangible Property	Property Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO	Sales Tax Exemptions or Incentives? INPUT 1 IF YES, 0 IF NO
2	4	3.64%	8.45%	1	1	107	42	0.79%	0.79%	0.79%	-	-

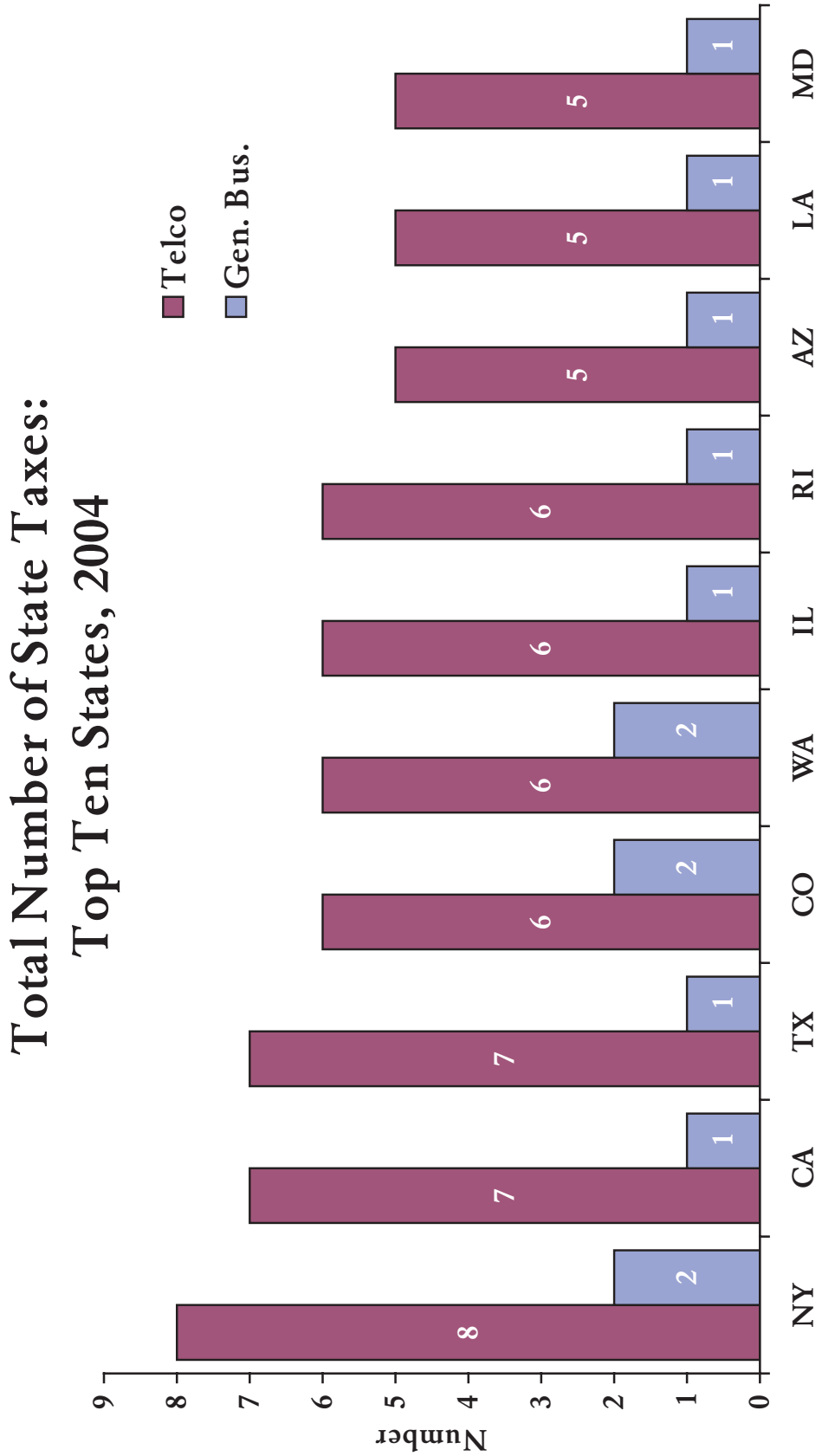


PART III

Comparison Graphs



COST
Council On State Taxation



Six other states (MN, NM, UT, DC, WV, and MT) also have five telecommunications taxes.

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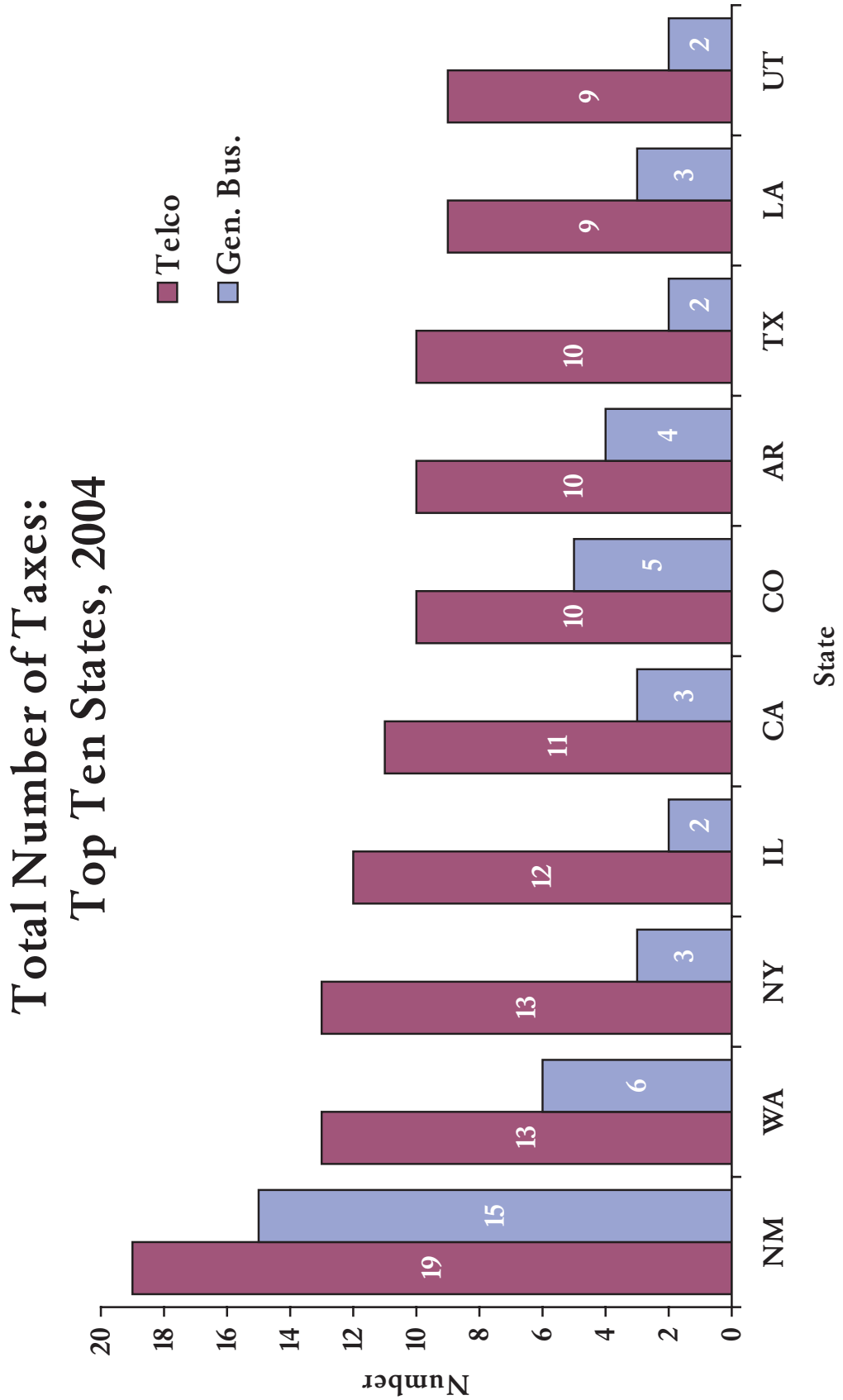
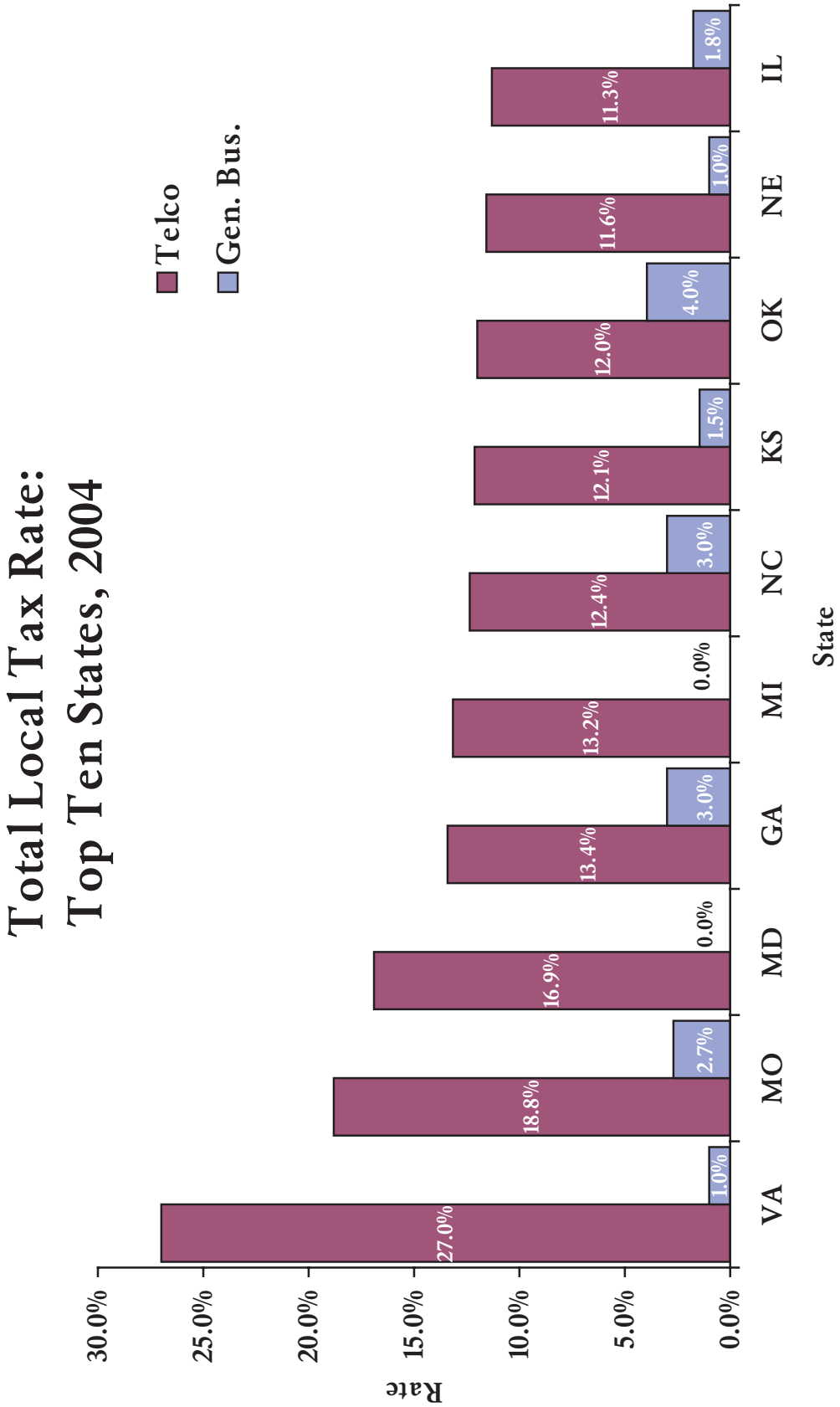
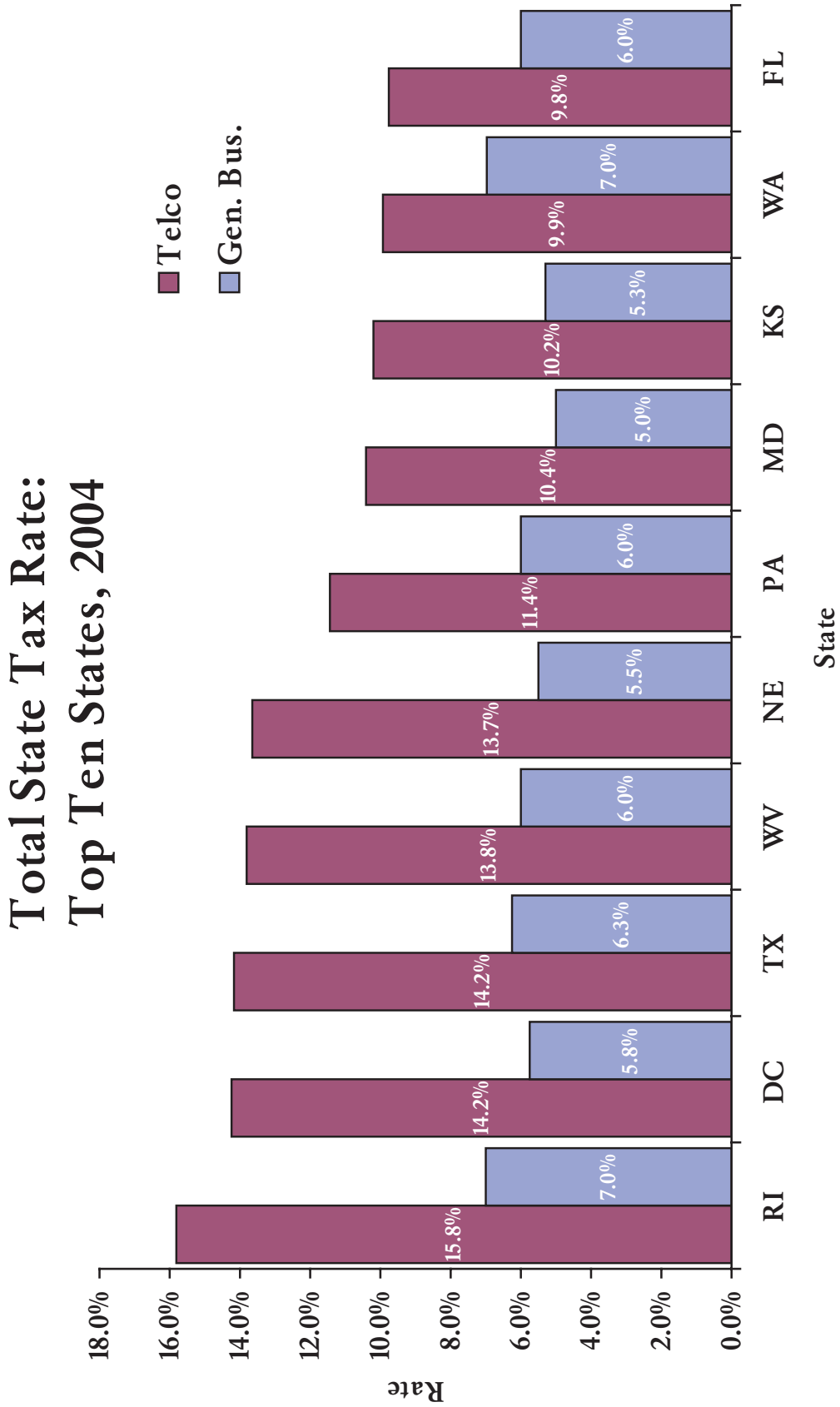
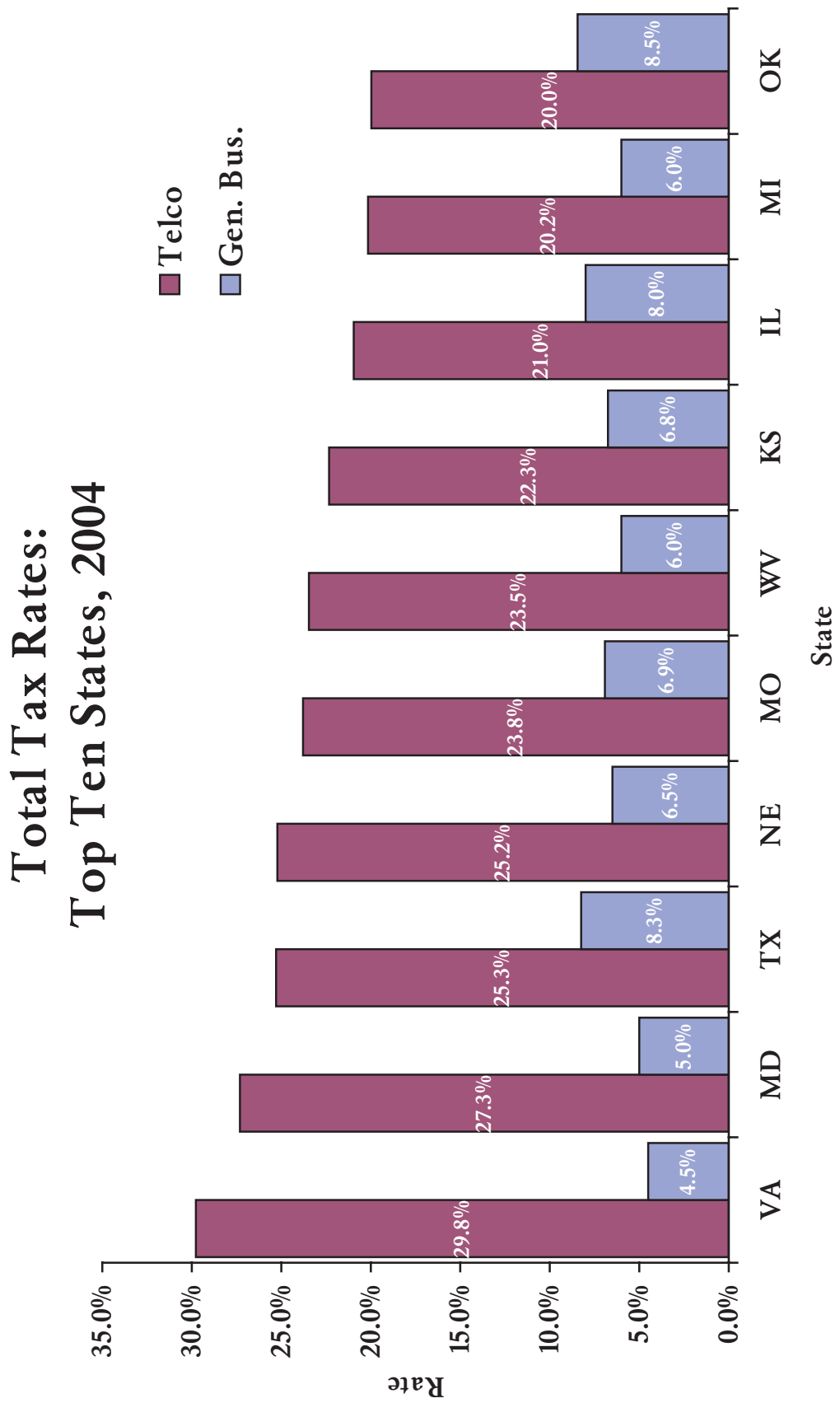

Total Number of Taxes:
Top Ten States, 2004
Telco
Gen. Bus.
Number
20
18
16
14
12
10
8
6
4
2
0
NM
WA
NY
IL
CA
CO
AR
TX
LA
UT
State
19
15
13
6
13
3
12
2
11
3
10
5
10
4
10
2
9
3
9
2

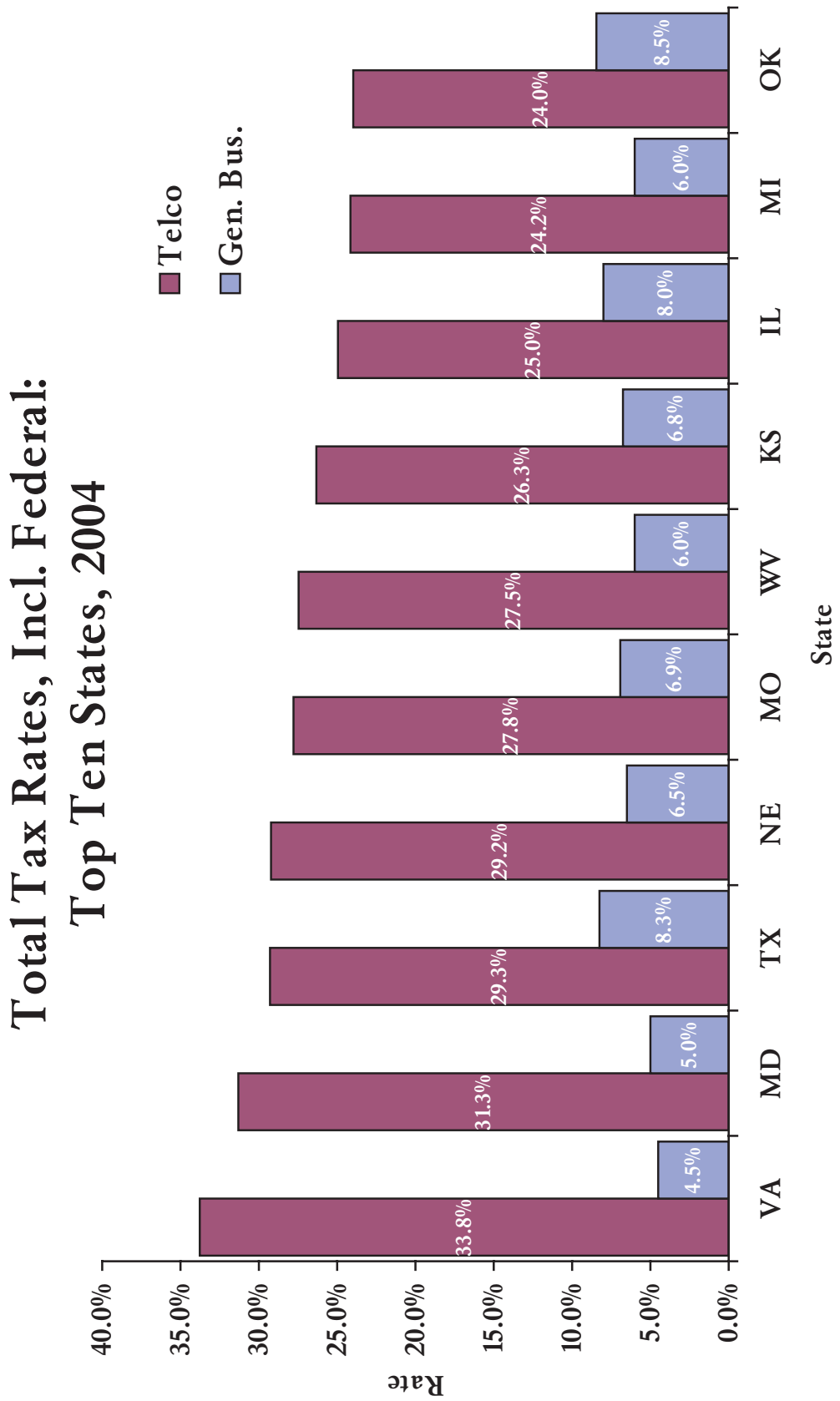


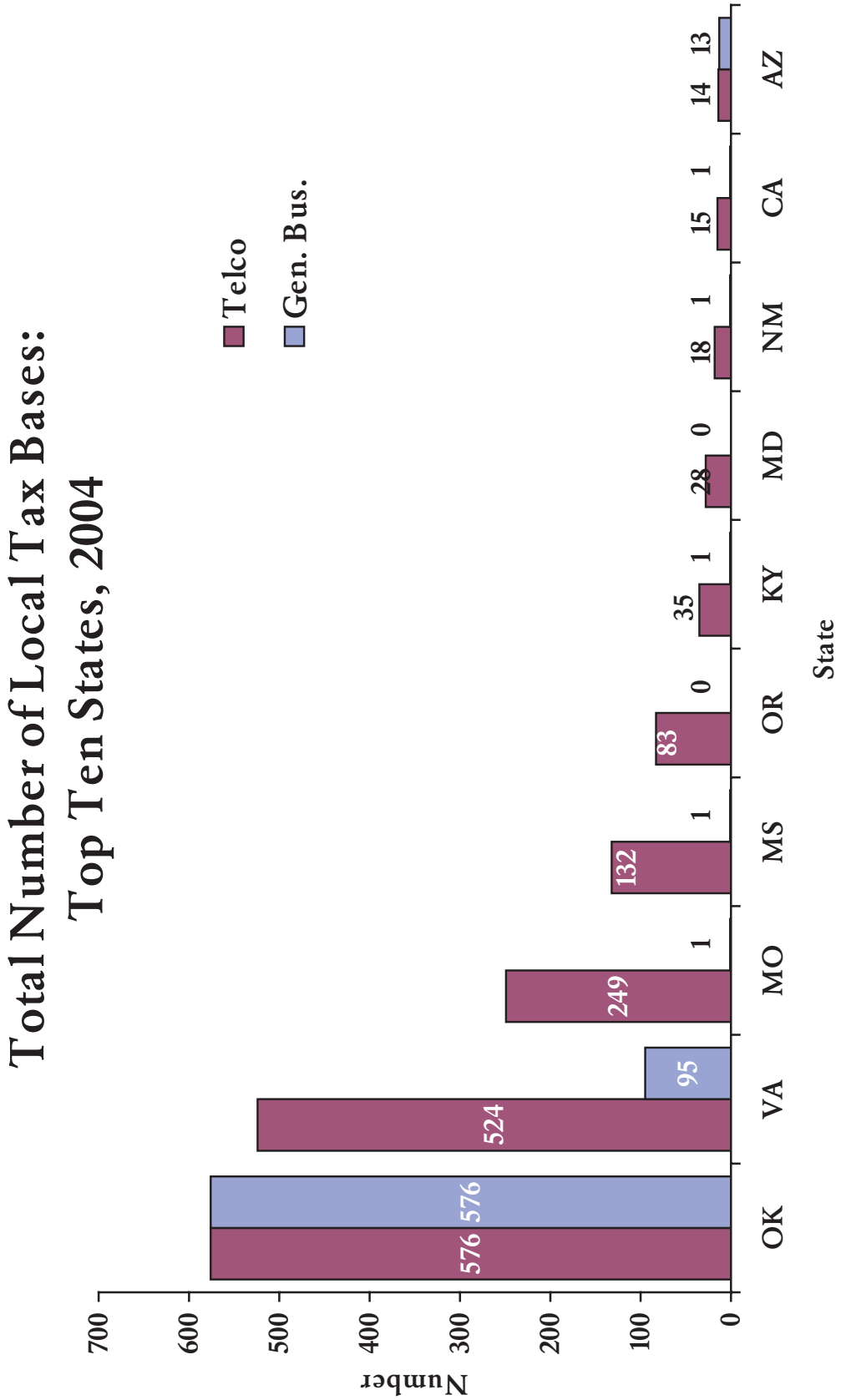
COST
Council On State Taxation


Total State Tax Rate:
Top Ten States, 2004
Telco
Gen. Bus.
Rate
18.0%
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
15.8%
7.0%
14.2%
5.8%
14.2%
6.3%
13.8%
6.0%
13.7%
5.5%
11.4%
6.0%
10.4%
5.0%
10.2%
5.3%
9.9%
7.0%
9.8%
6.0%
RI
DC
TX
WV
NE
PA
MD
KS
WA
FL
State

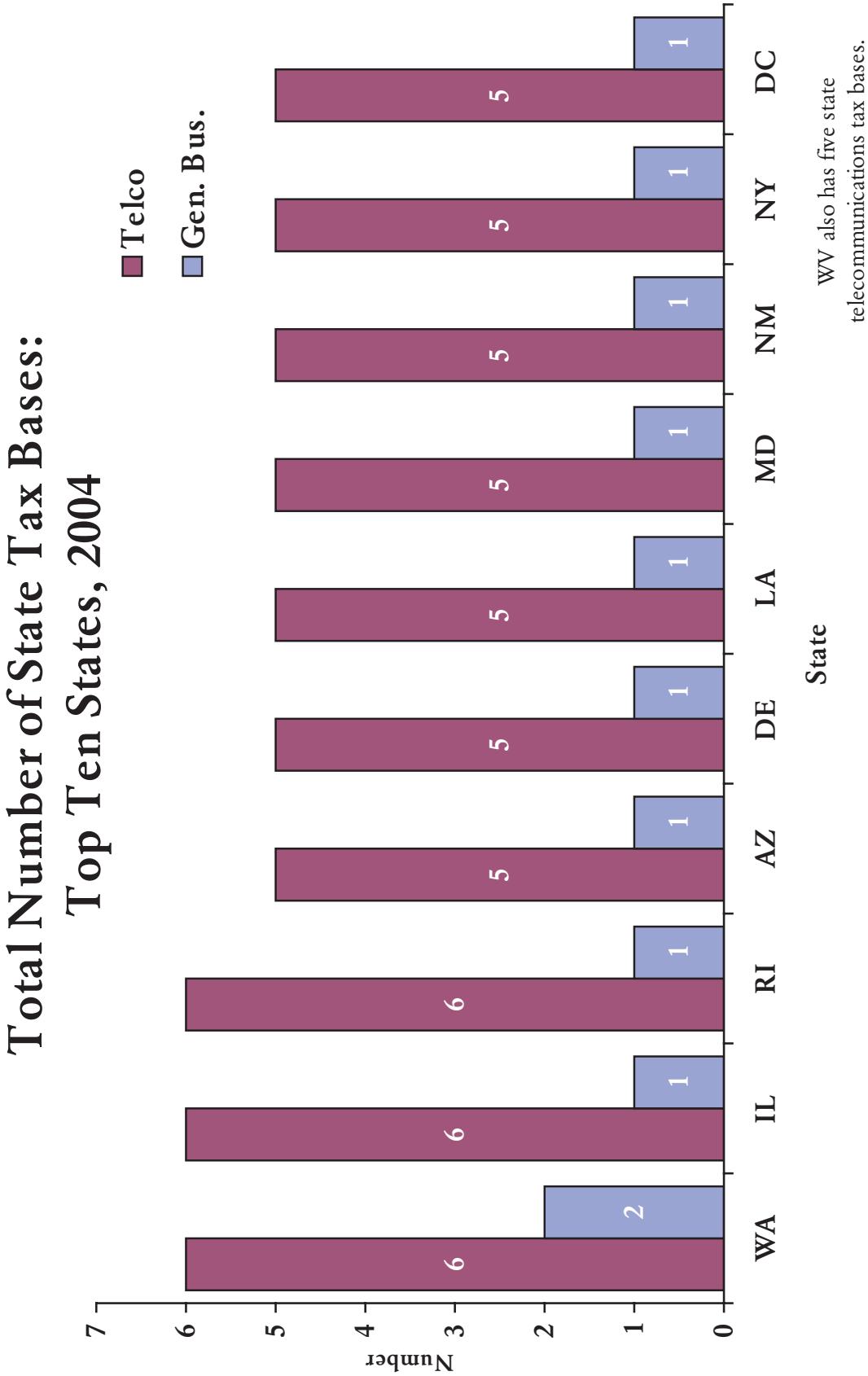


COST
Council On State Taxation

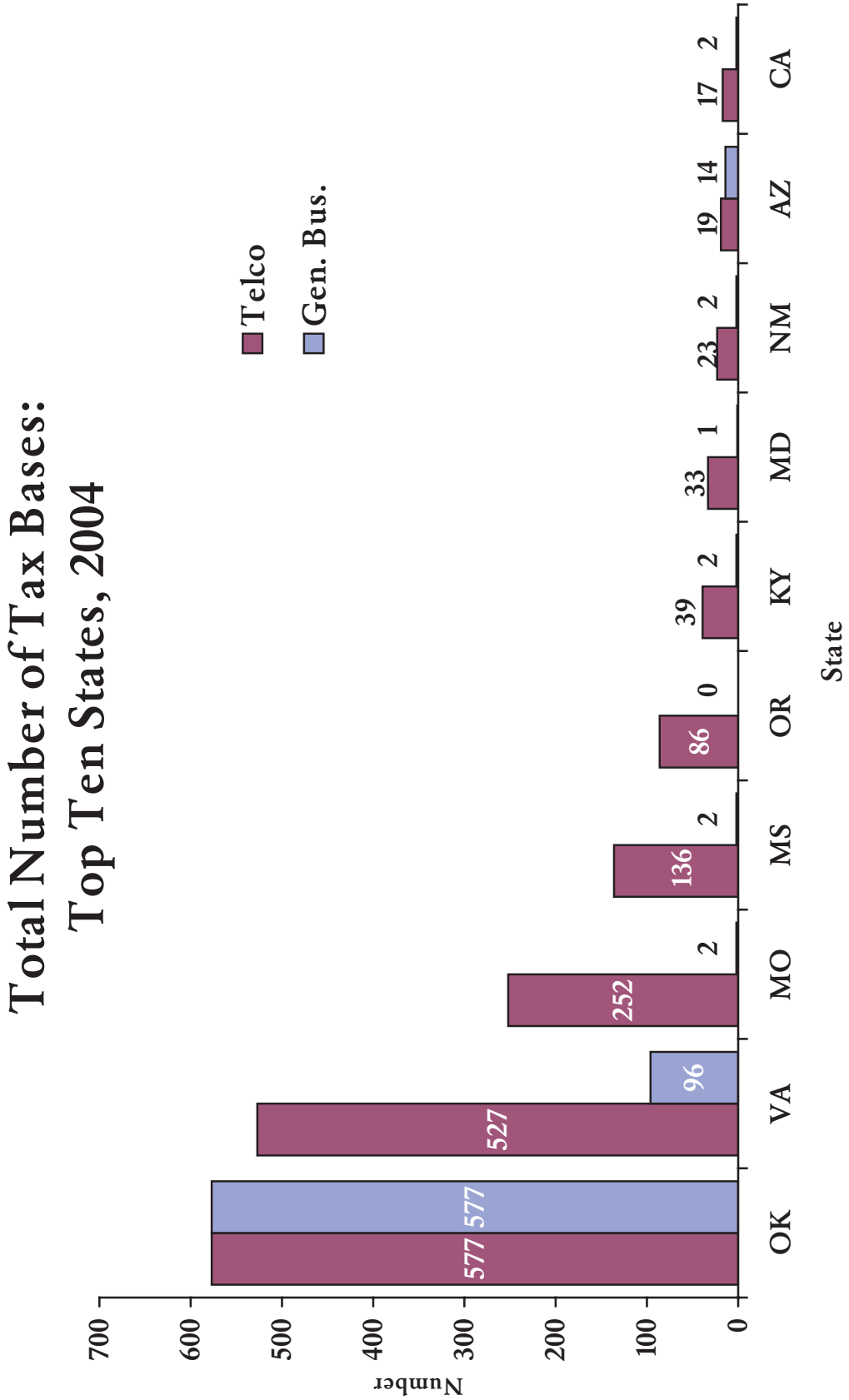

Total Tax Rates, Incl. Federal:
Top Ten States, 2004
Telco
Gen. Bus.
Rate
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
33.8%
4.5%
31.3%
5.0%
29.3%
8.3%
29.2%
6.5%
27.8%
6.9%
27.5%
6.0%
26.3%
6.8%
25.0%
8.0%
24.2%
6.0%
24.0%
8.5%
VA
MD
TX
NE
MO
WV
KS
IL
MI
OK
State

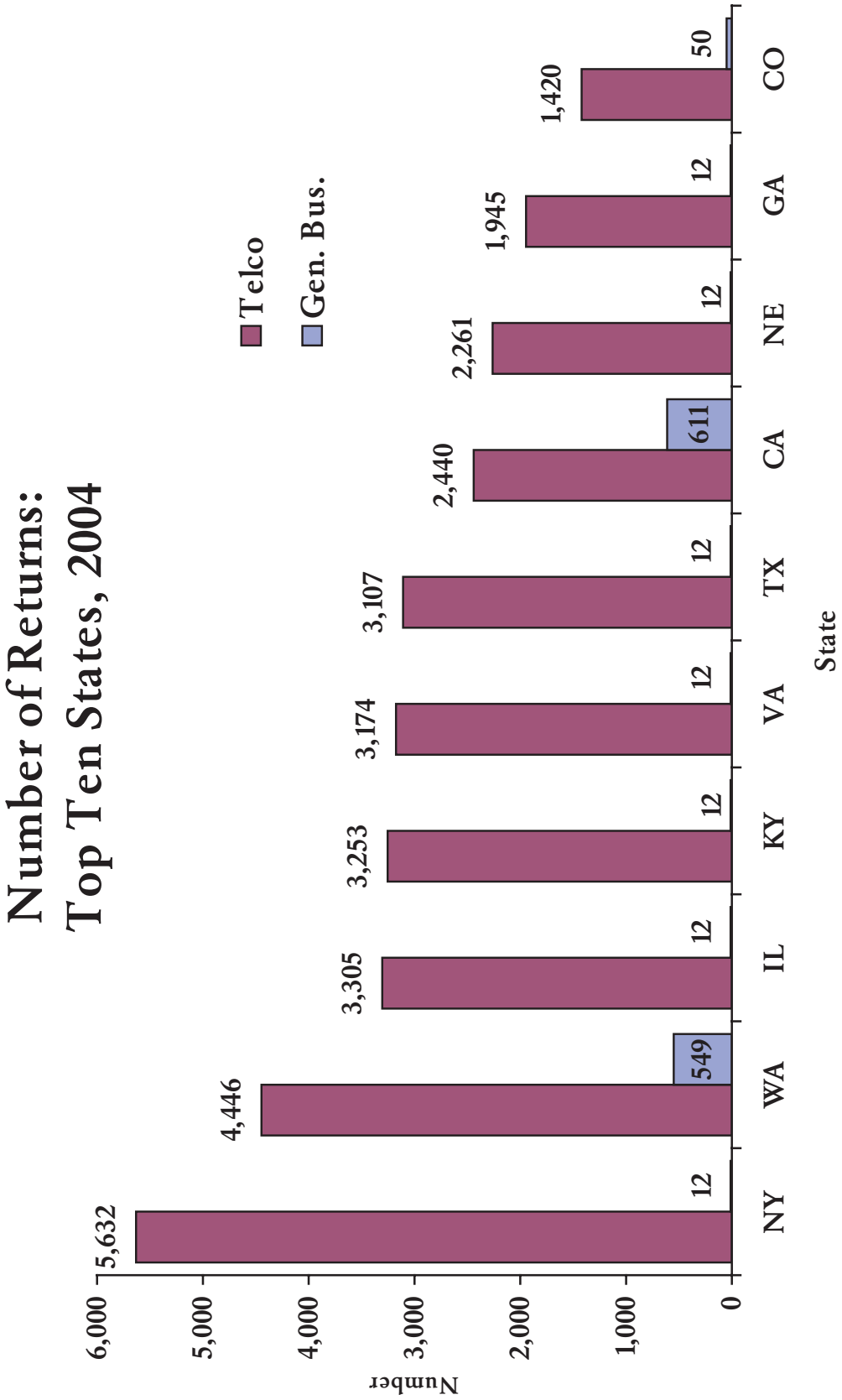


COST
Council On State Taxation

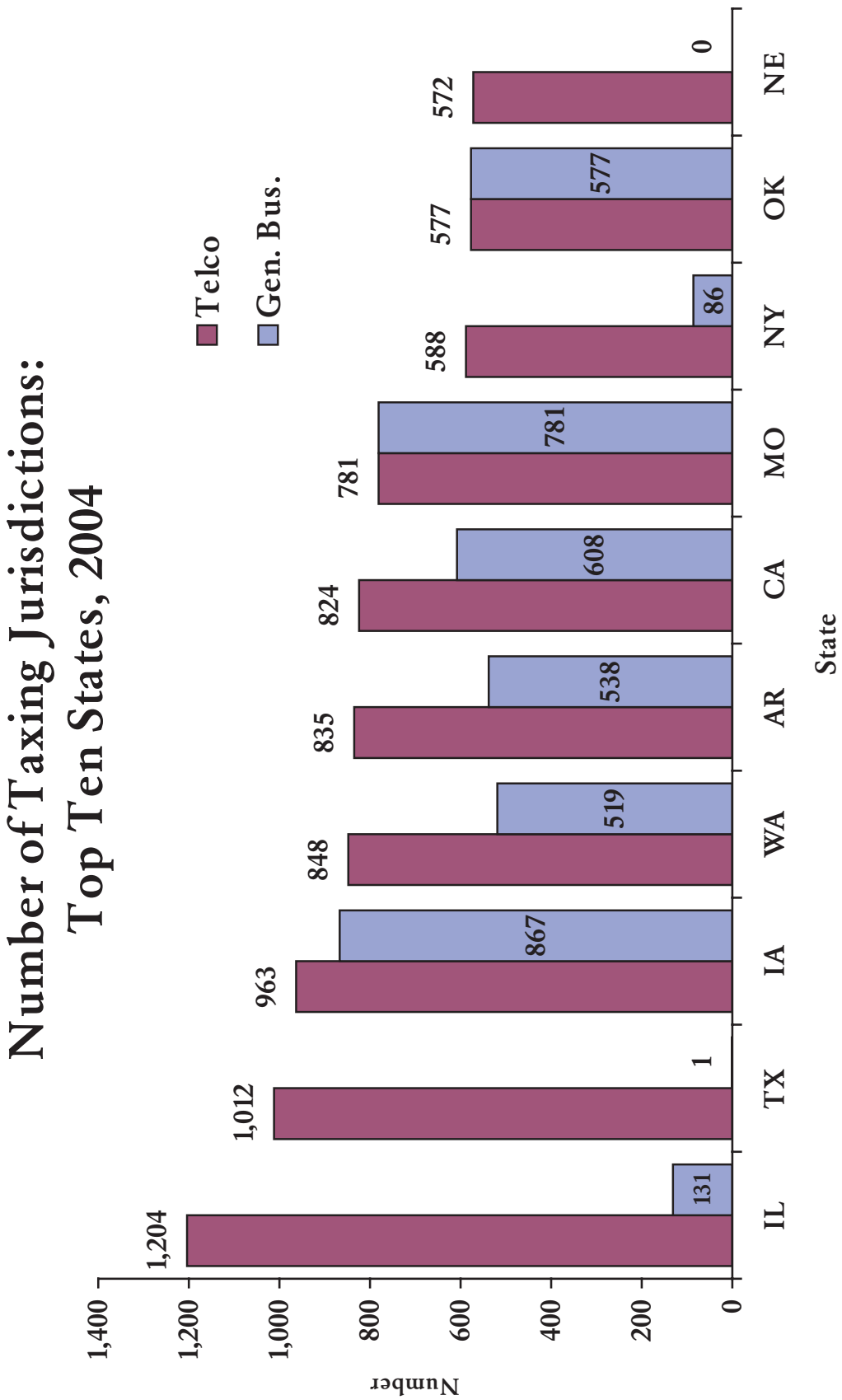


COST
Council On State Taxation

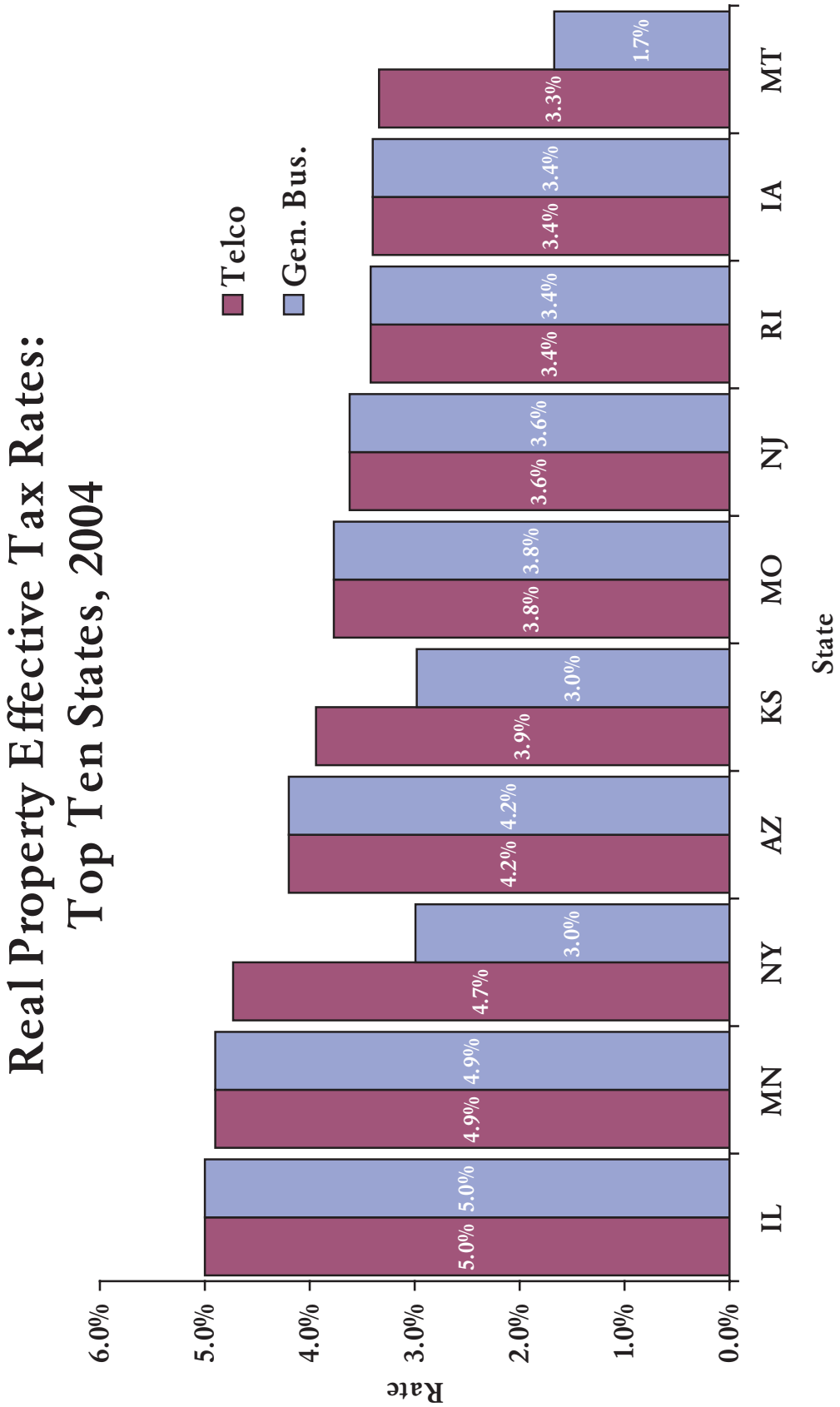

Total Number of Tax Bases:
Top Ten States, 2004
Telco
Gen. Bus.
Number
700
600
500
400
300
200
100
0
577
577
527
96
252
2
136
2
86
0
39
2
33
1
23
2
19
14
17
2
OK
VA
MO
MS
OR
KY
MD
NM
AZ
CA
State



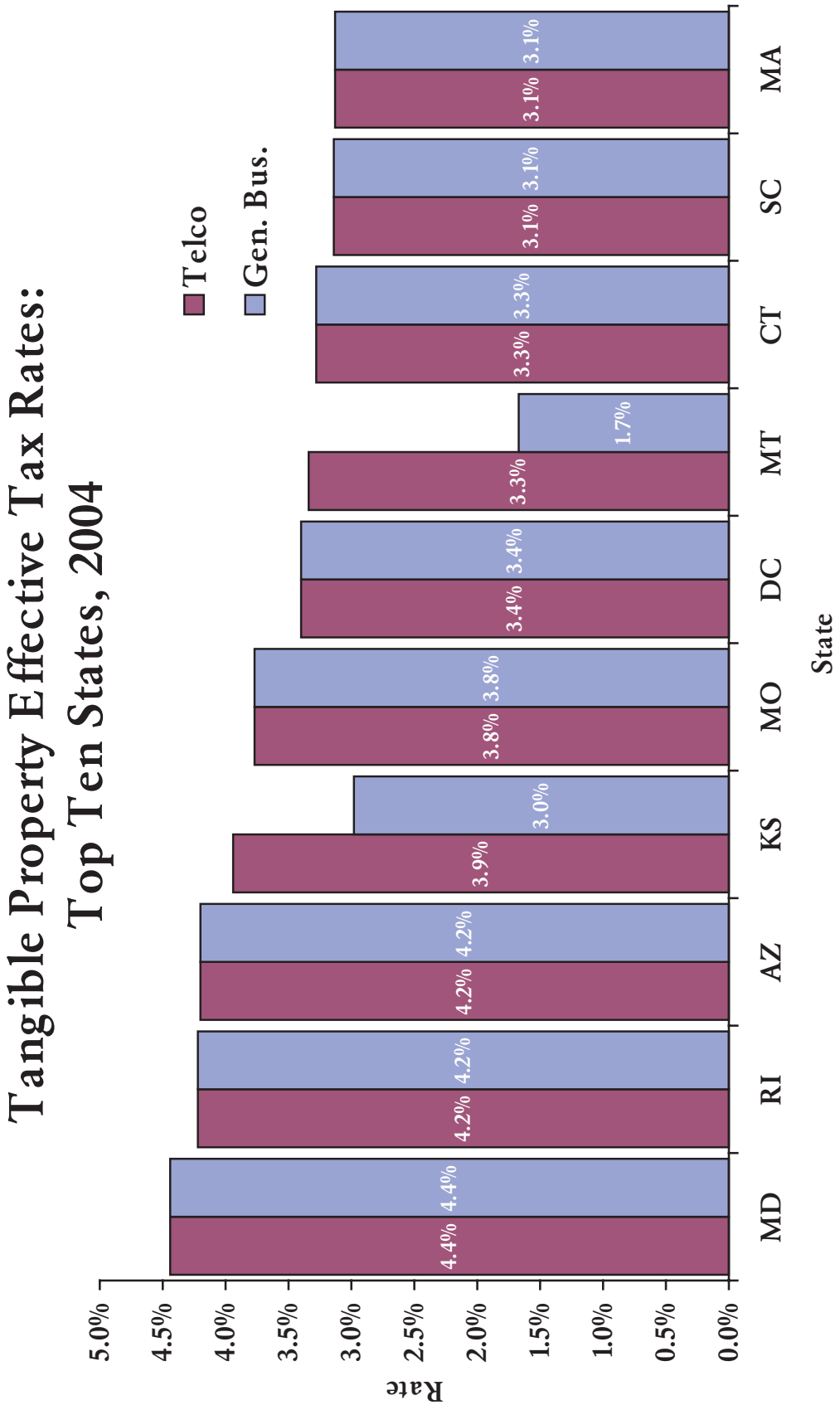
COST
Council On State Taxation



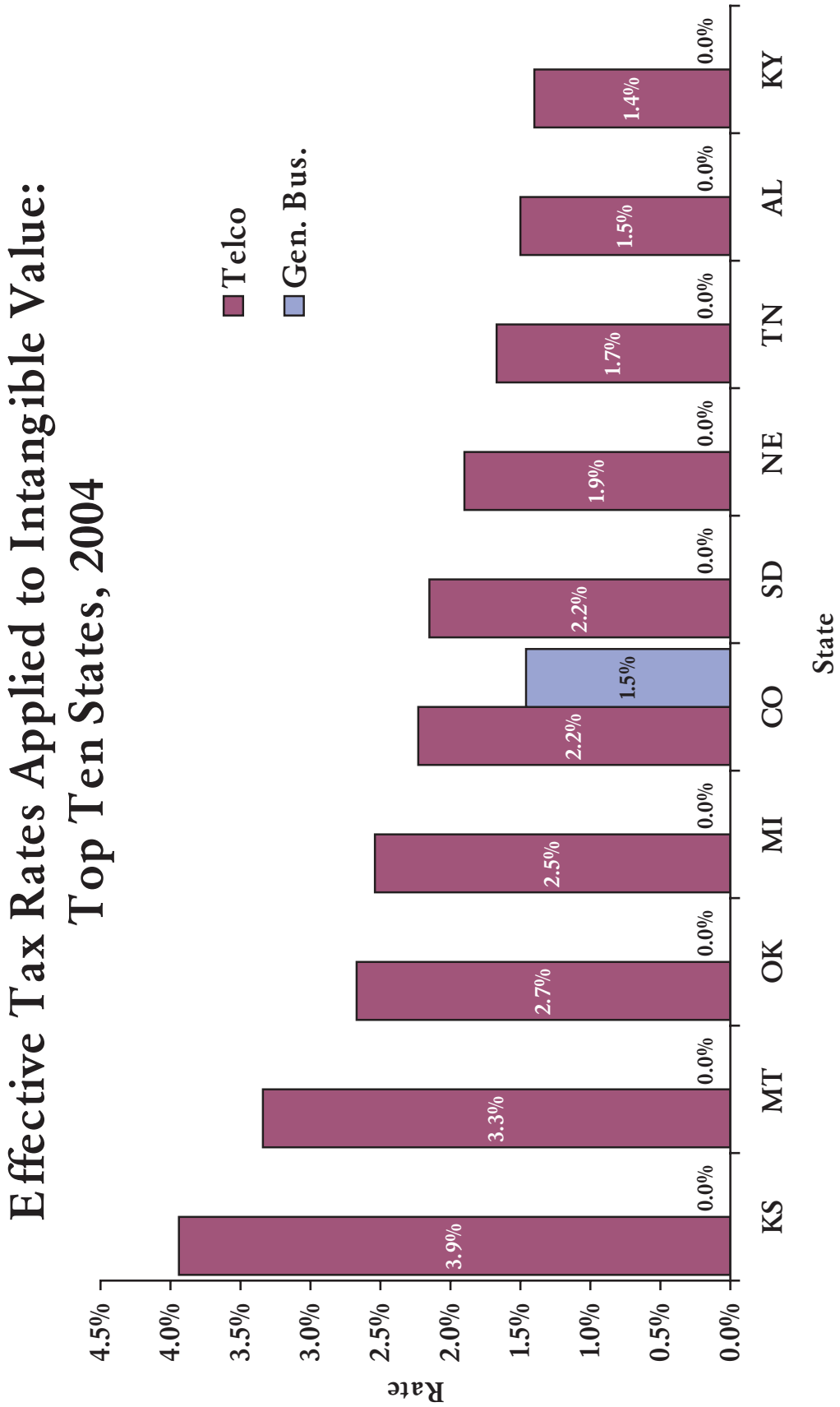
COST
Council On State Taxation



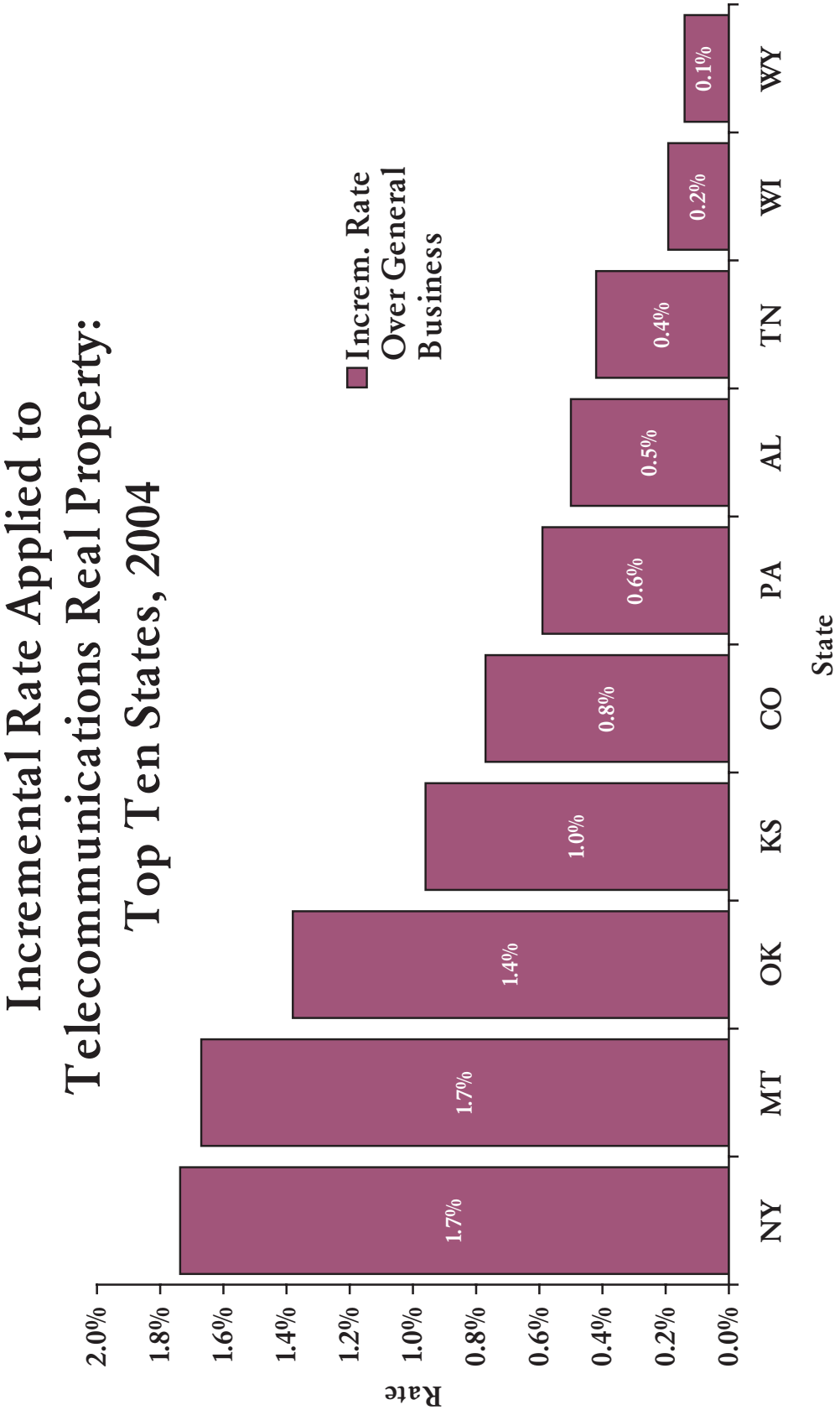
COST
Council On State Taxation



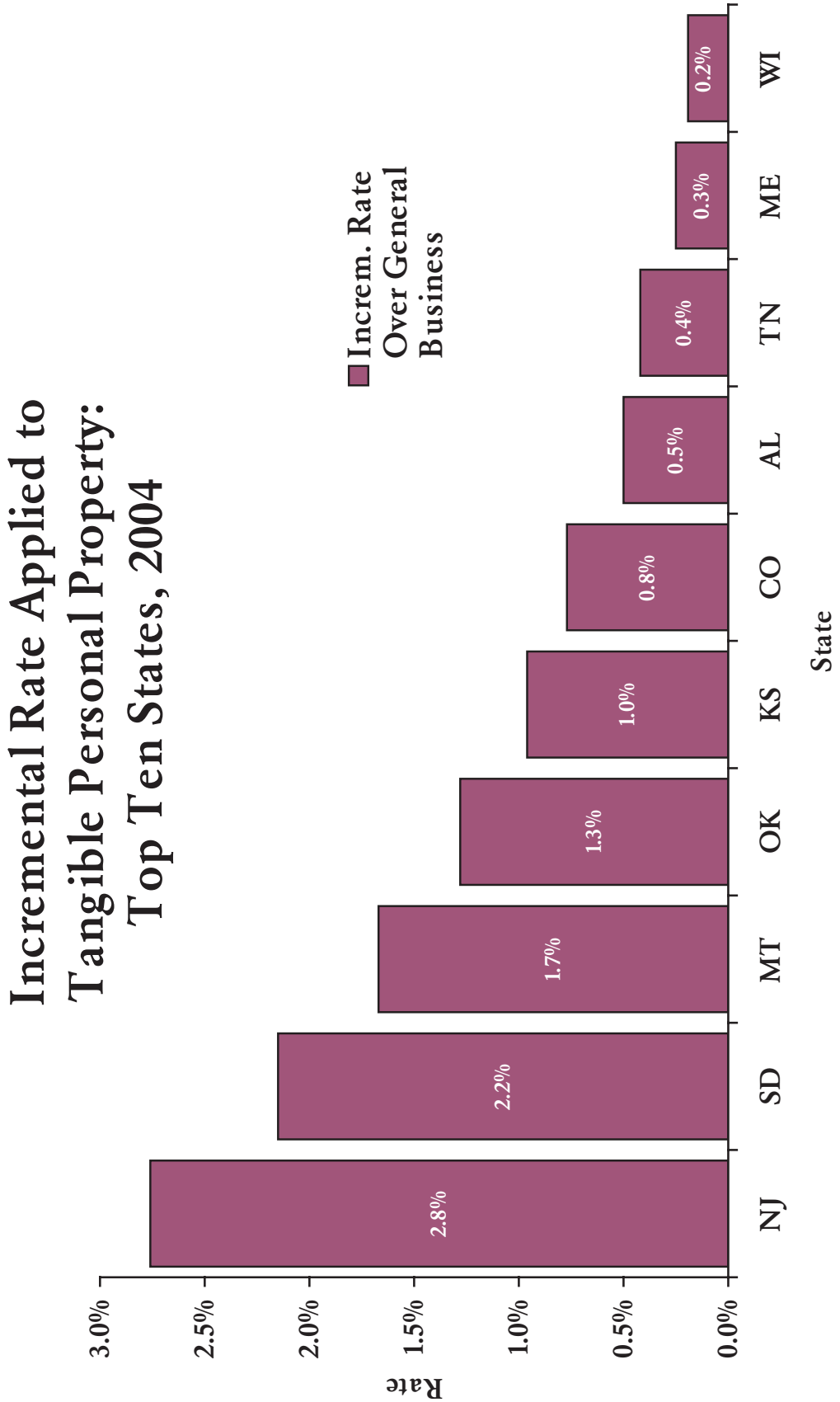
COST
Council On State Taxation

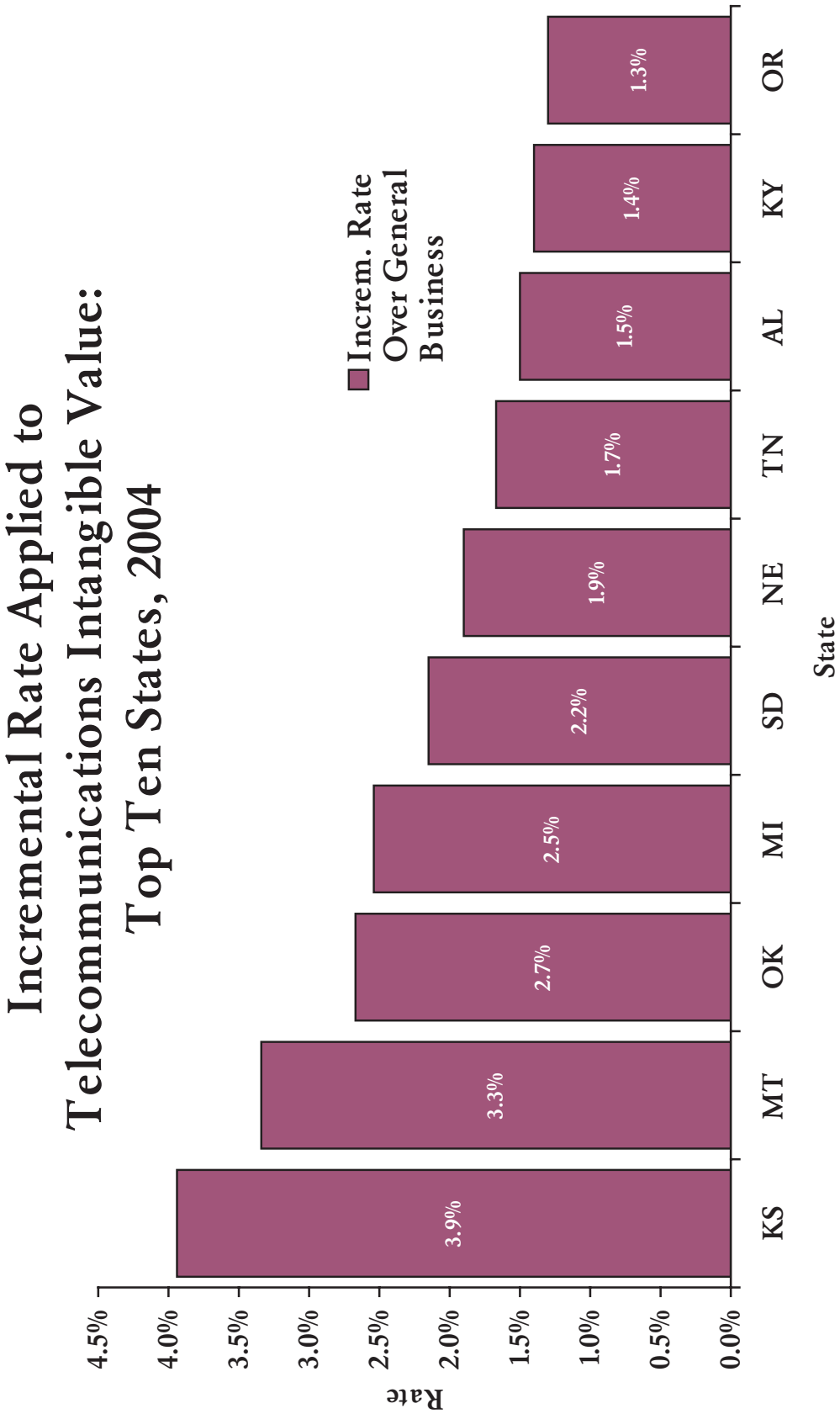


COST
COUNCIL ON STATE TAXATION

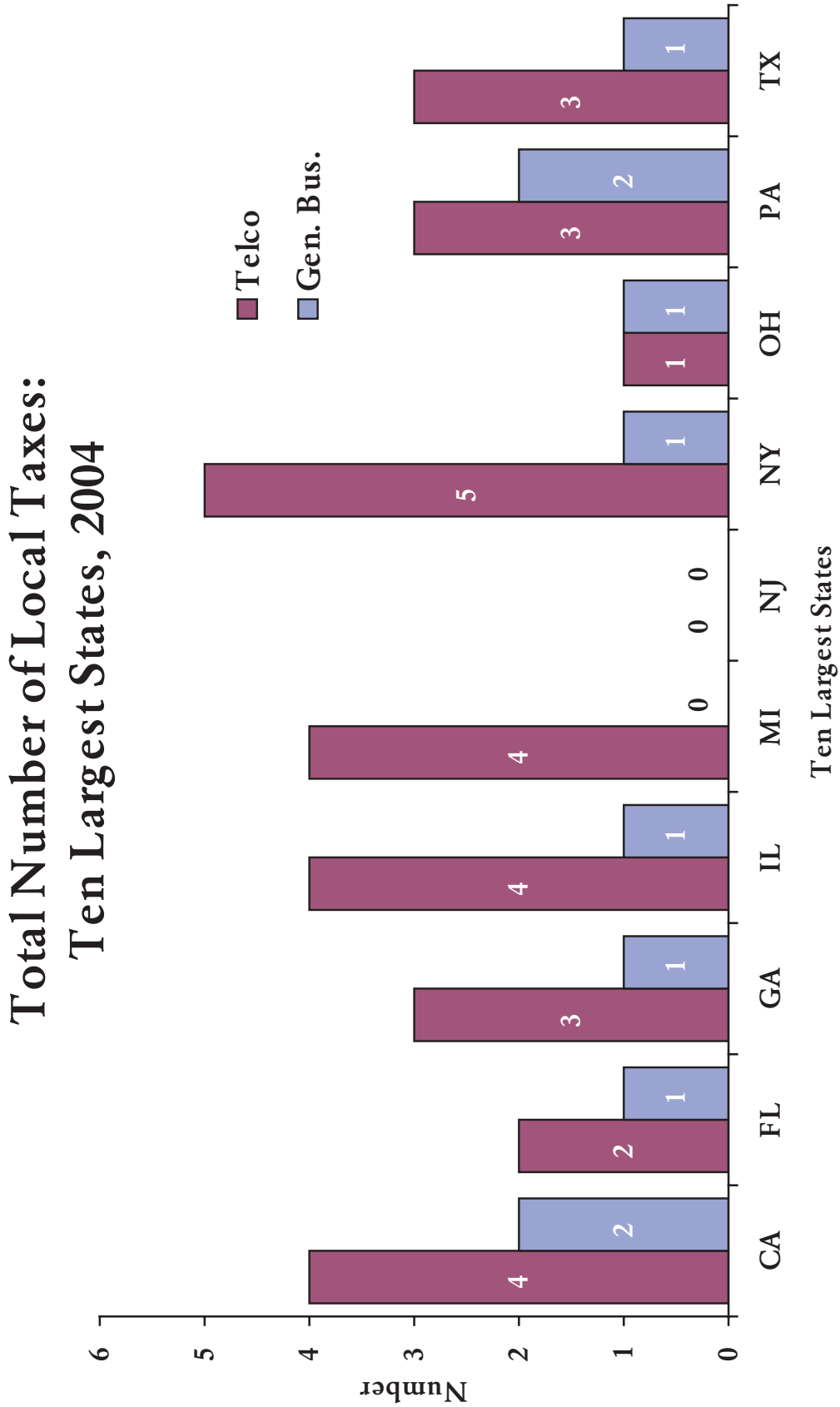


COST
COUNCIL ON STATE TAXATION


Incremental Rate Applied to Tangible Personal Property: Top Ten States, 2004
Increm. Rate Over General Business
Rate
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
2.8%
2.2%
1.7%
1.3%
1.0%
0.8%
0.5%
0.4%
0.3%
0.2%
NJ
SD
MT
OK
KS
CO
AL
TN
ME
WI
State



COST
Council On State Taxation



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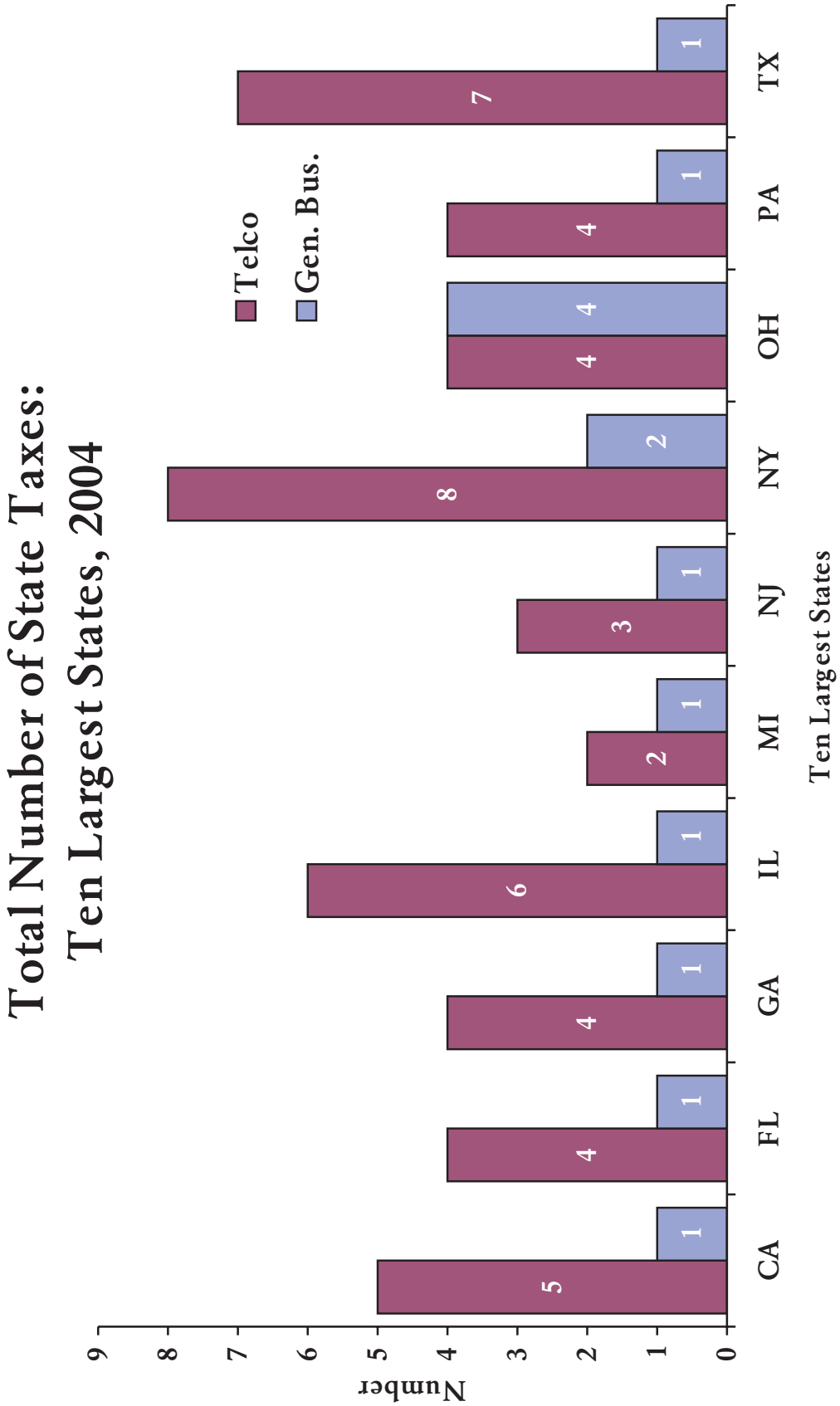
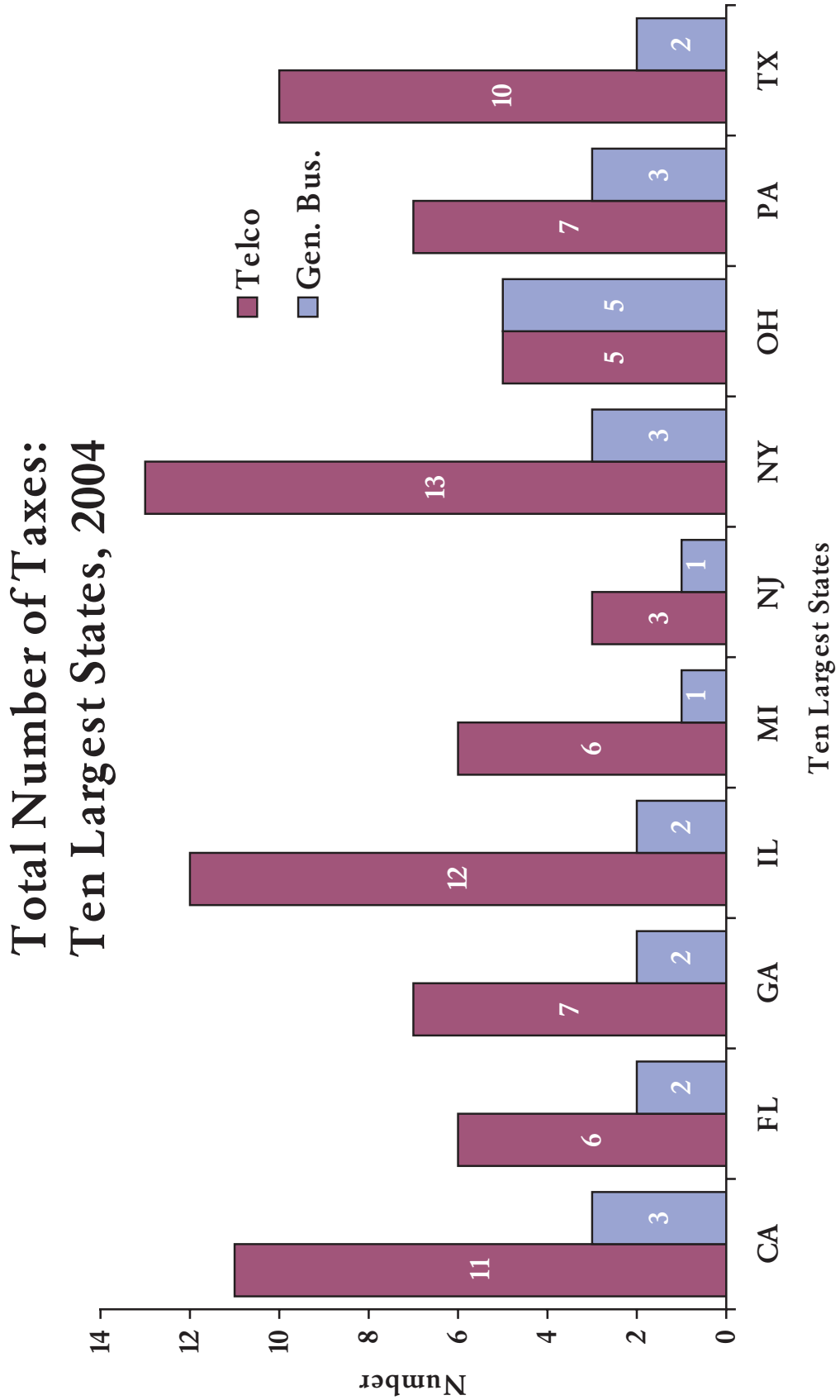


COST
Council On State Taxation



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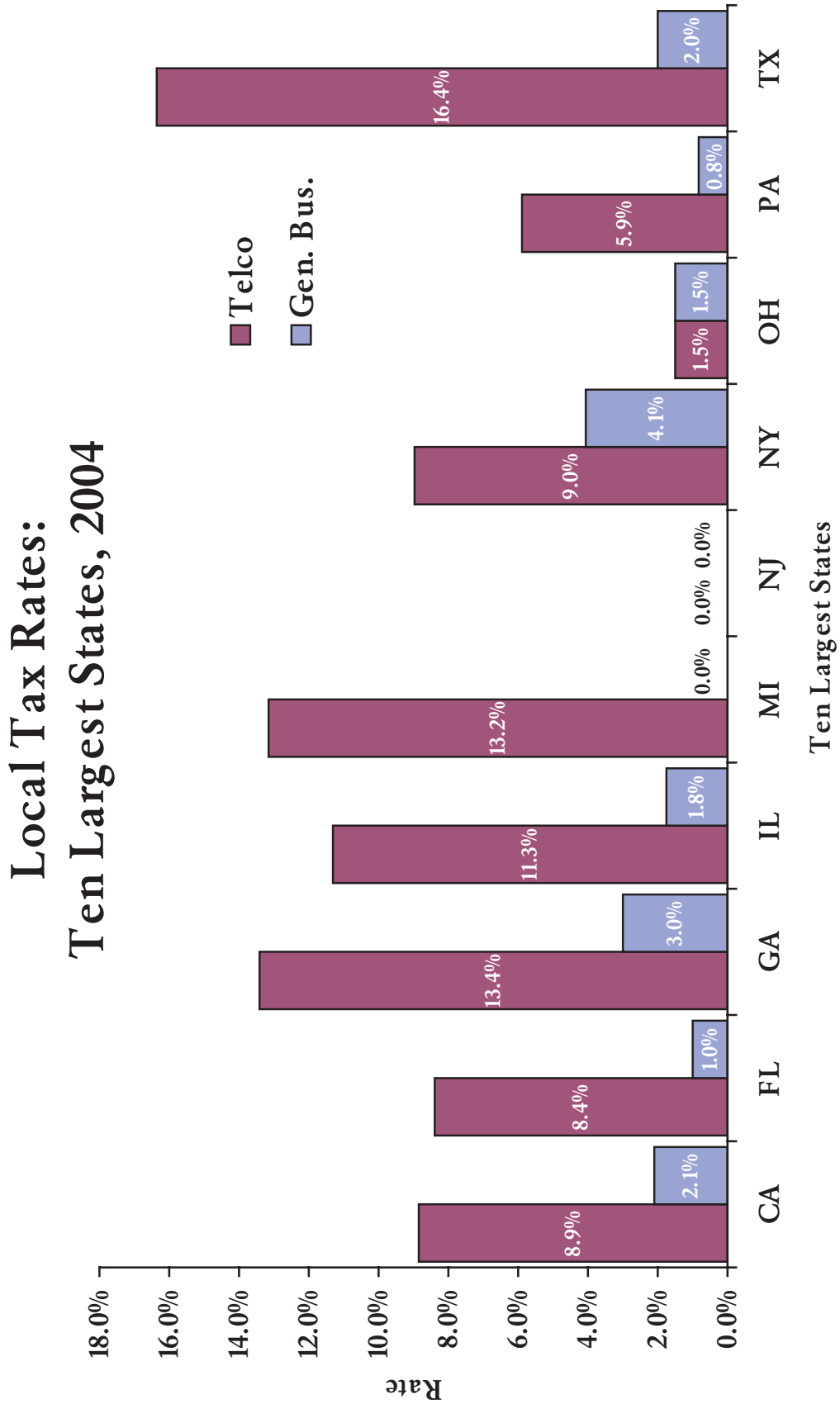
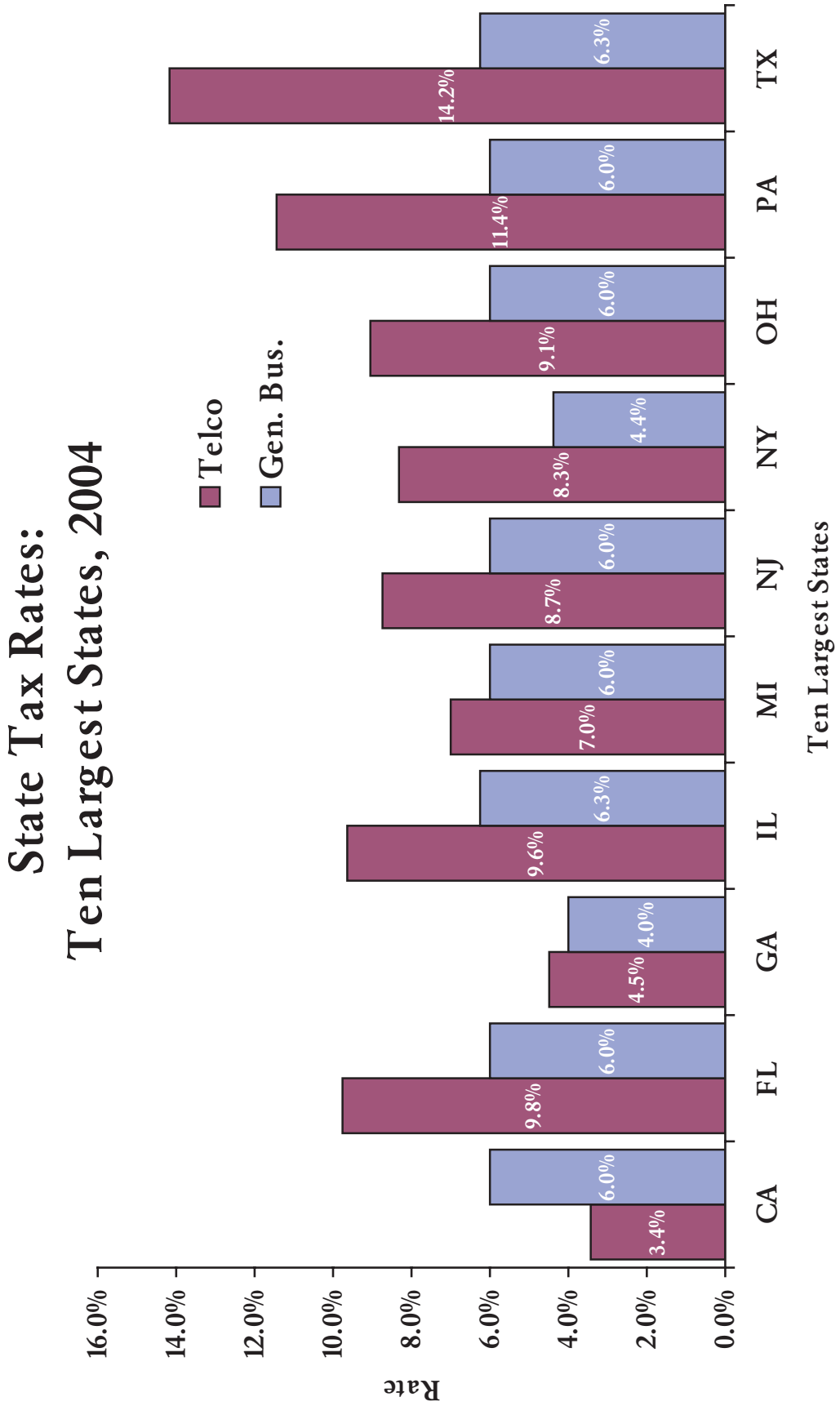
COUNCIL ON STATE TAXATION



COST
Council On State Taxation



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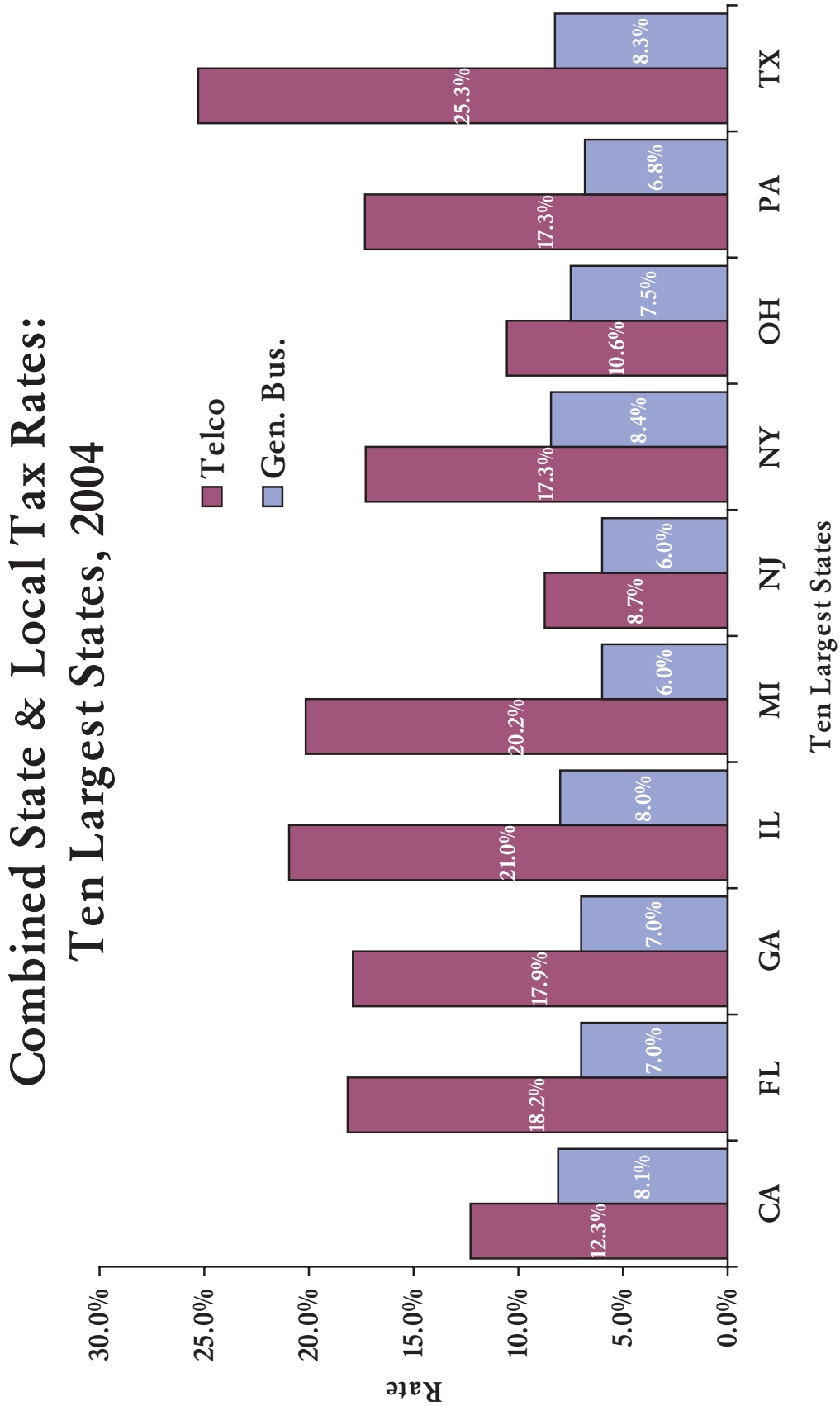
Council On State Taxation



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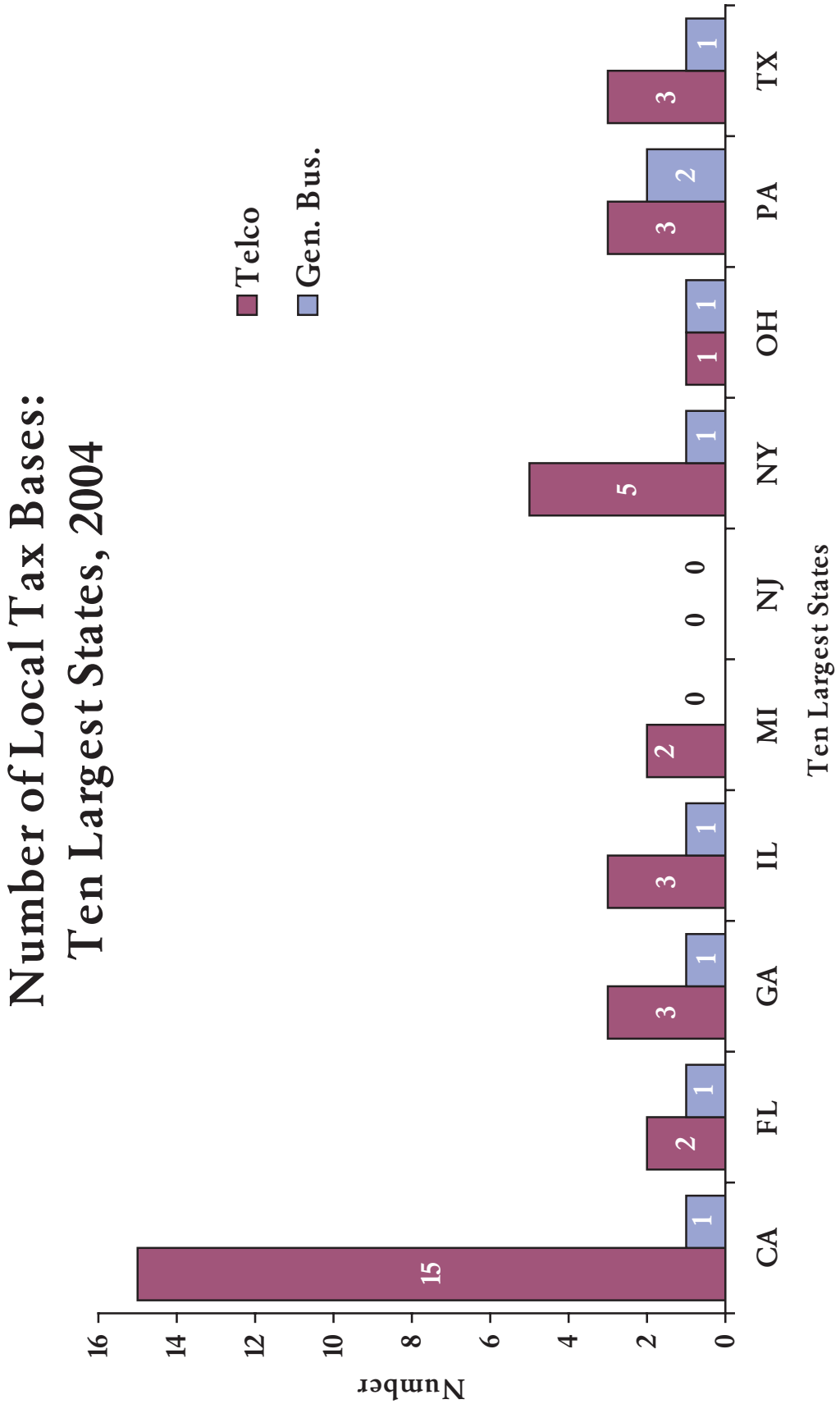
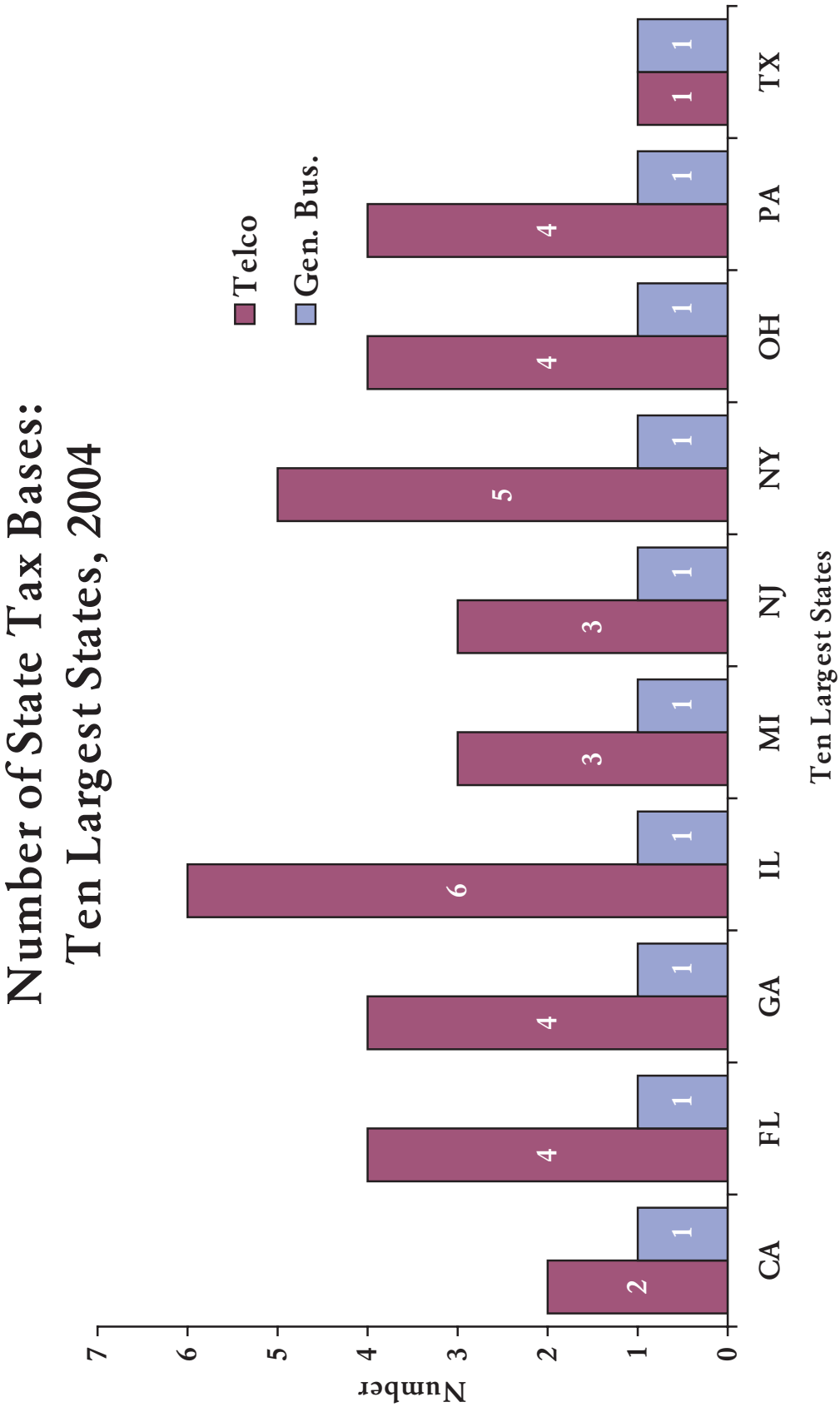
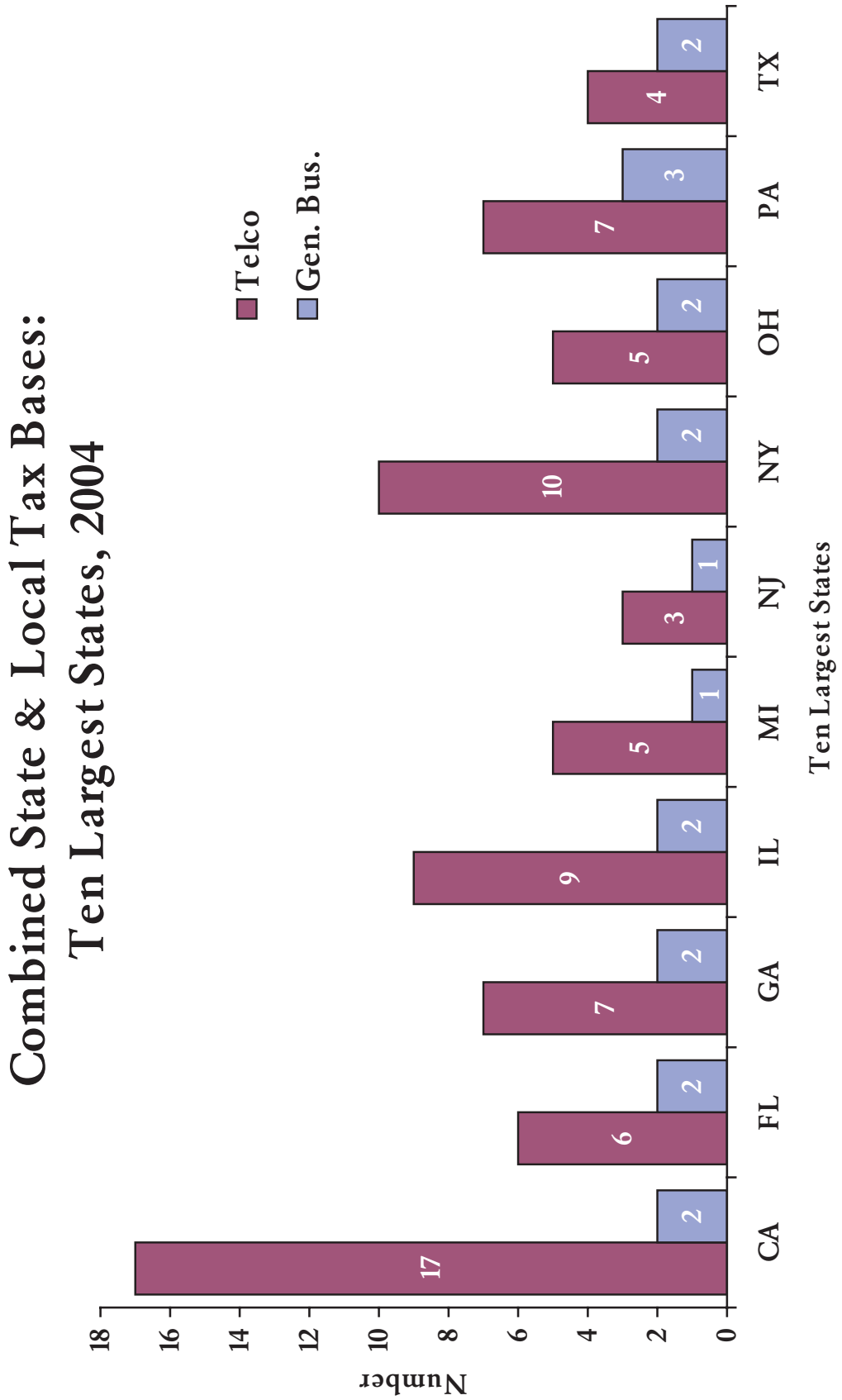
Council On State Taxation



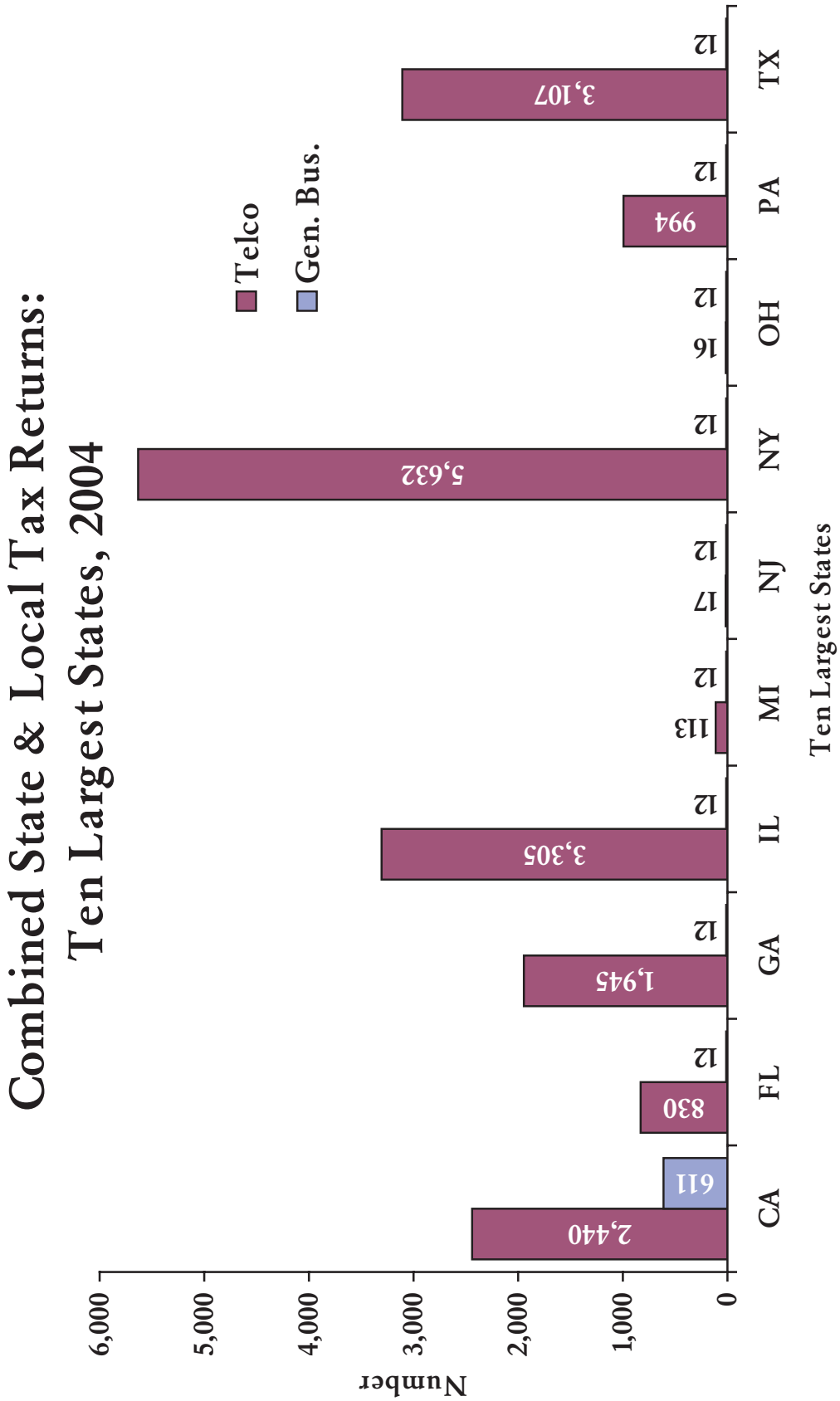
COST
COUNCIL ON STATE TAXATION



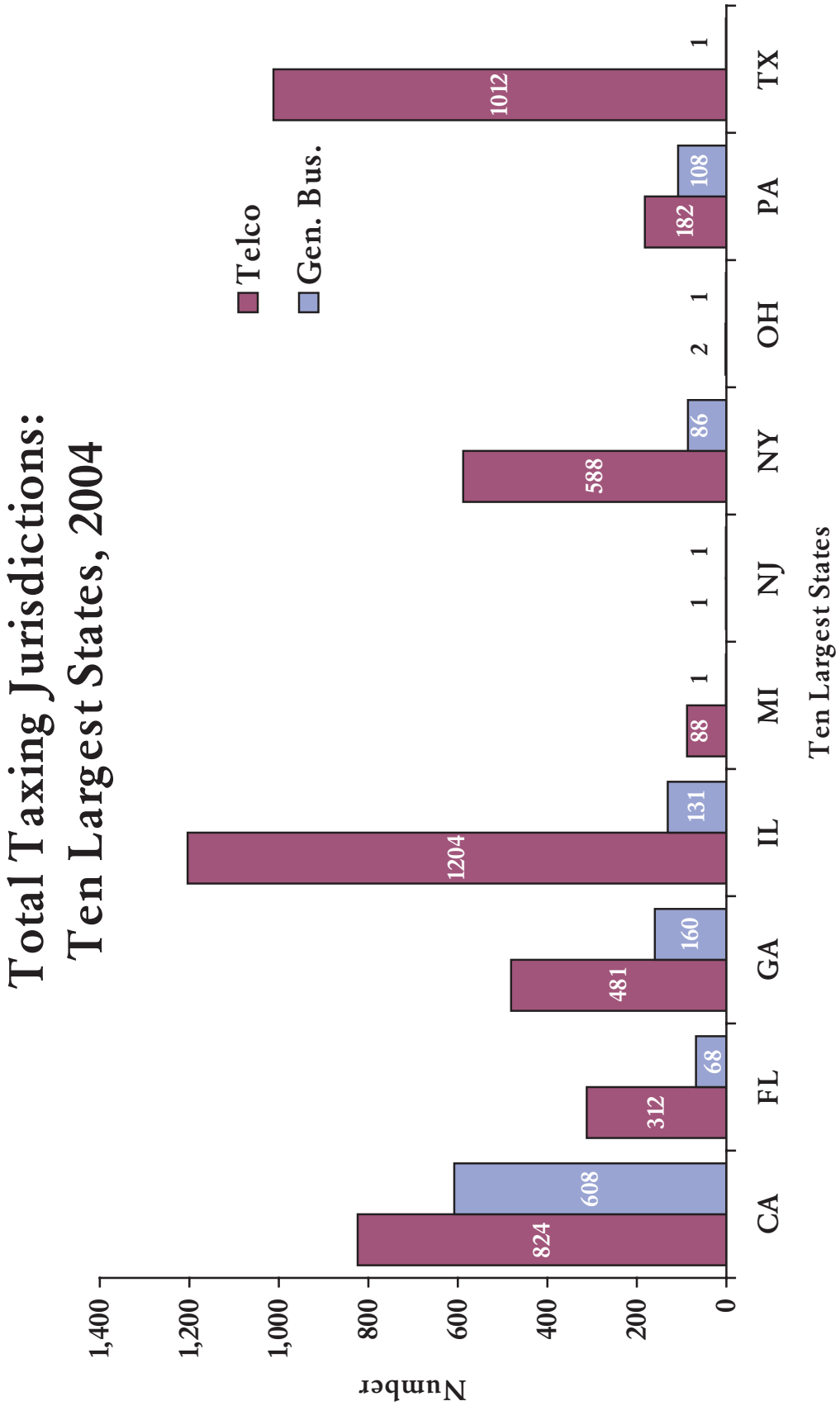
COST
Council On State Taxation



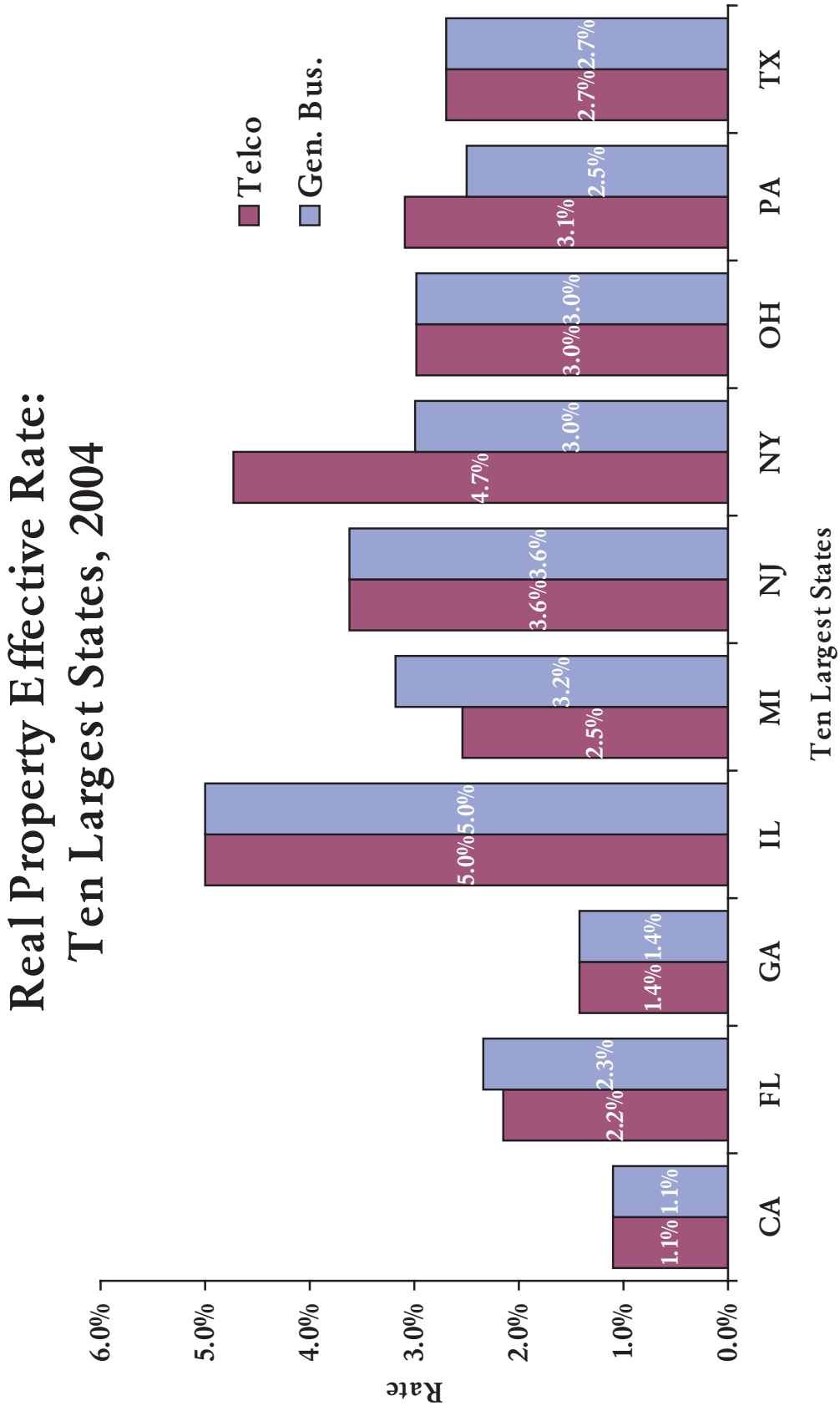
COST
Council On State Taxation



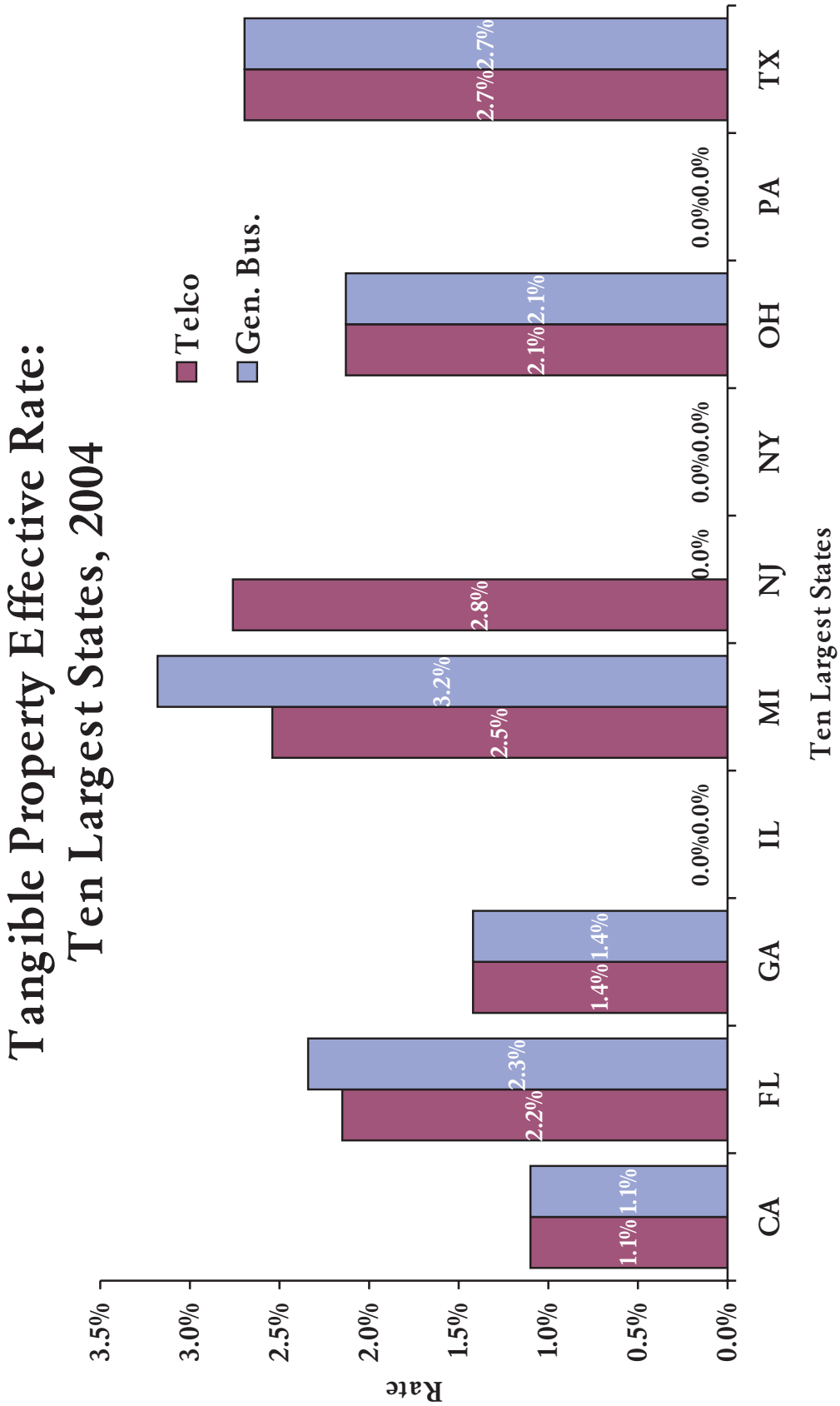
COST
Council On State Taxation



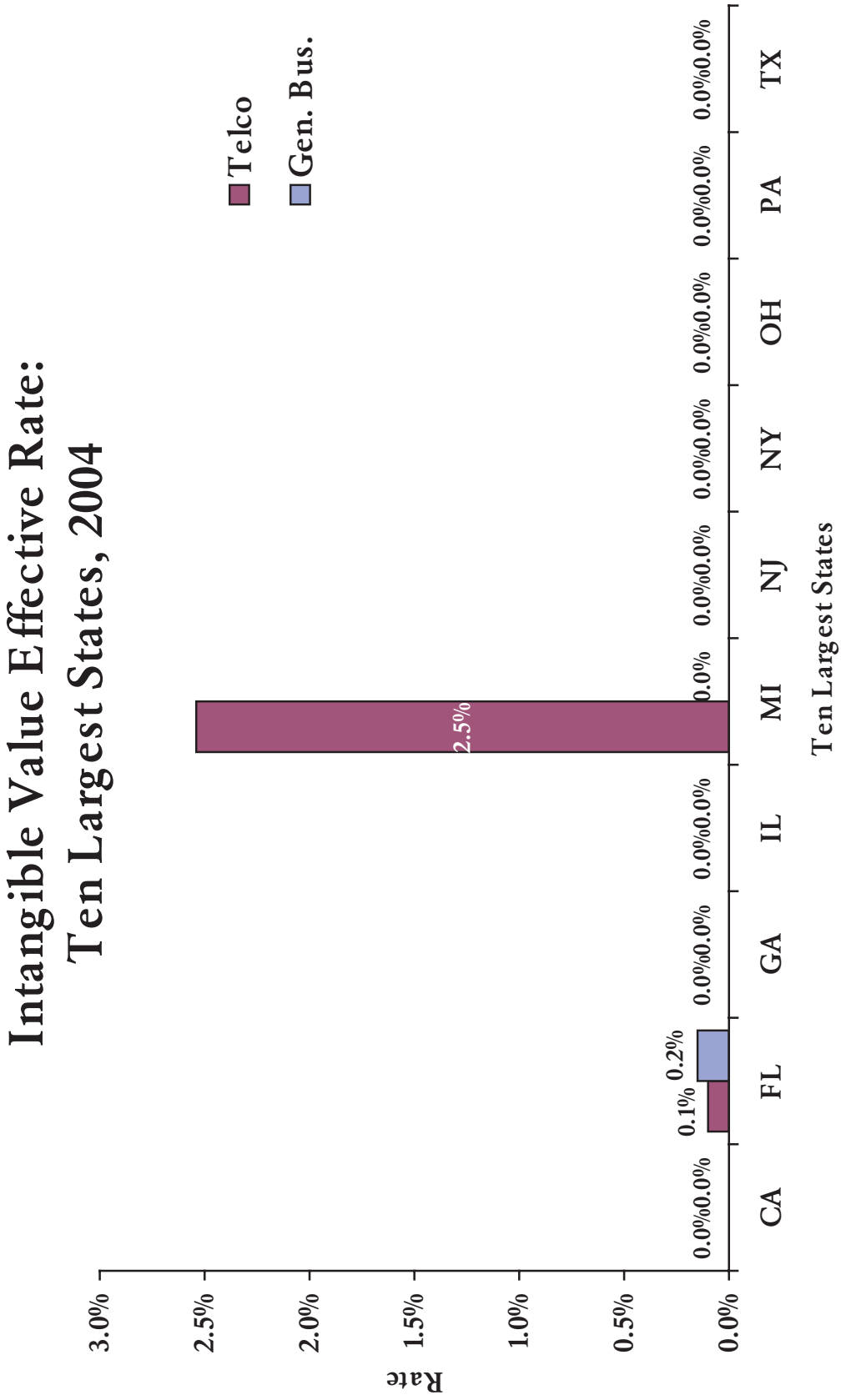
COST
Council On State Taxation



COST
Council On State Taxation



COST
Council On State Taxation


Intangible Value Effective Rate:
Ten Largest States, 2004
Telco
Gen. Bus.
Rate
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
0.0%0.0%
0.1%
0.2%
0.0%0.0%
0.0%0.0%
2.5%
0.0%
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CA
FL
GA
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MI
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NY
OH
PA
TX
Ten Largest States

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ISBN-08080-1306-8

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4025 W. Peterson Ave.
Chicago, IL 60646-6085
1 800 248 3248
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