

# Multistate Tax Commission



## Resolution No. 98-2

### Taxation of Mobile Telecommunications Services

**WHEREAS**, States and the telecommunications industry both acknowledge the difficulty in attempting to assign a situs to mobile telecommunications services for purposes of imposing transactional taxes, and

**WHEREAS**, States and the telecommunications industry both desire a workable method that is revenue neutral and administratively practical that would allow the situs of mobile telecommunications services to be determined, and

**WHEREAS**, the wireless telecommunications industry has proposed federal legislation, the “Mobile Telecommunications Sourcing Act,” which would assign all mobile telecommunications services a situs of the location of the customer’s home service area, and

**WHEREAS**, the wireless telecommunications industry submits application of the home service area as the situs of all mobile telecommunications services is a reasonable constitutional exercise of the Congress to endorse as a practical solution to an otherwise intractable problem, and

**WHEREAS**, the industry has approached the States, as represented by the Multistate Tax Commission and the Federation of Tax Administrators, to obtain the States’ input and cooperation in an effort to craft a bill that would be acceptable to the States, local governments and the industry;

**NOW, THEREFORE, BE IT RESOLVED** that the telecommunications industry is hereby commended for its efforts in initiating this effort to simplify State tax administration, and be it further

**RESOLVED** that the Multistate Tax Commission endorses the concept of a federal solution to the mobile telecommunications sourcing issue subject to the following conditions:

- 1) The Commission and its participating States have an opportunity to review the final language of the proposed legislation prior to its introduction to determine a position on the actual legislation;
- 2) The National Governor’s Association not oppose the legislation;
- 3) The legislation neither expressly or implicitly grant authority to the Federal Communications Commission or any other federal executive agency to regulate State or local taxation or to serve as an appeals body for State and local taxes.
- 4) The legislation overcome any constitutional barriers to the operation of the proposed system through the inclusion of a specific authorization by Congress for States and localities to tax on the basis of the federally-established system;
- 5) The legislation apply to a clearly defined set of taxes—most likely unapportioned transactional or gross receipts taxes—under which administrative problems of tracking usage actually arise, and that the legislation not apply to taxes for which this problem is not relevant; and
- 6) The Commission and the industry resolve a range of technical issues through continuing communications on the actual language of the legislation.

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This Resolution expires on August 7, 2003.

Adopted this 7th day of August 1998, by the Multistate Tax Commission.

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W. Val Oveson  
Chair

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Dan R. Bucks  
Executive Director