



February 18, 2019

The Honorable Curt Friesen
Chair, Committee on Transportation and Telecommunications
Nebraska Senate
State House
1445 K St.
Lincoln, NE 68508

Dear Chairman Friesen and Members of the Committee:

On behalf of CTIA, the trade association for the wireless communications industry, I write to express support to LB 550 and respectfully request that this letter be submitted for the record. CTIA appreciates the efforts of Senator Vargas in highlighting the excessive tax and fee burden imposed on wireless consumers in Nebraska. The recent study from the Tax Foundation showed that Nebraska has the fourth highest wireless tax and fee burden in the country. The typical wireless consumer in Nebraska pays taxes in excess of 25% on their wireless voice services. A link to the Tax Foundation study can be found [here](#).

There is no single factor that leads to the high burden on Nebraska wireless consumers. Rather, it is the myriad of taxes and fees imposed by different levels of Government and for different purposes that add up to the rates in excess of 25%. For example, many municipalities impose three taxes and fees on wireless service – the local-option sales tax; the business and occupation tax; and the 911 fee. The state of Nebraska imposes a state sales tax for general fund purposes; a universal service fund charge imposed by the Public Utility Commission; and a TRS charge to support relay service for hearing impaired citizens. Finally, the Federal Communications Commission imposes a federal Universal Service Fund charge to support federal programs.

LB550 recognizes that the high wireless consumer tax and fee burden is not the result of a single tax or fee, but the result of the cumulative impact of these taxes and fees. The bill addresses several of these taxes and fees, reducing or eliminating some fees and requiring local voter approval to continue imposing business and occupation taxes or to increase the rates of these taxes.



CTIA believes that this legislation will begin conversations about how to lower taxes and fees on wireless services. We recognize, however, that the ambitious goals of LB550 may be difficult to achieve all at once. Therefore, we recommend that the Committee focus first on ways to lower the business and occupation tax burden on wireless consumers.

An approach that CTIA supports is to modify the provisions of section 1 of the bill, which require voter approval for municipalities to keep imposing their existing business and occupation taxes. Rather than requiring all municipalities to put their existing business and occupation taxes to a vote, one approach might be to require municipalities with business and occupation taxes in excess of five percent to either lower the rate to five percent by ordinance or to seek voter approval to keep the tax rate above five percent. We also support the provisions currently in section 1 of the bill that would require any new business and occupation tax on wireless service or any increase in the rate of a current business and occupation tax on wireless service to get voter approval.

Thank you for the opportunity to express CTIA's support for LB550. We look forward to continued conversations about how to lower the tax and fee burden on Nebraska wireless consumers.

Sincerely,

Gerard Keegan
Vice President
State Legislative Affairs