



April 18, 2019

Representative Aaron Michlewitz
Chairman, House Ways and Means
State House, Room 243
Boston, MA 02133

Dear Chairman Michlewitz:

We write in support of Amendment #922 to House Bill 3800, which would allow the Department of Revenue to allow communications companies, or “qualified sellers”, to continue to collect and remit sales tax directly to the Commonwealth.

We support the goals of the Marketplace Facilitator proposal to help facilitate collection and remittance of sales tax due on retail sales in the Commonwealth. However, our experience with issues like the Tech Tax compel us to highlight the many unintended consequences the language in this proposal creates for consumers, carriers and the Department of Revenue.

Carriers bill consumers for monthly service charges that are subject to federal, state and local taxes and fees. Carriers ensure that all of these taxes and fees are remitted to the proper authorities. The proposed language places marketplace facilitators in the role of collecting and remitting on behalf of the carriers. Injecting a new third party into this process under the existing proposal will split this responsibility between the carrier and a third party. This would create unnecessary confusion and complications for consumers, carriers and the Department of Revenue.

Further, for recurring service charges, it’s unclear whether a marketplace facilitator collects taxes once or over the lifetime of the account. Either way, shifting sales tax remittance responsibility to a third party risks negatively disrupting successful processes carriers use to adjust consumer accounts for partial-month charges, taxes and fees.

Finally, at the present time, the largest marketplace facilitators have shown no intention of building their tax systems to accommodate additional taxes and fees imposed on communications products and services.

As drafted, the original language offers no additional advantage or revenue to the Commonwealth and seems counterproductive at best. This was not intended when the Multi-State Tax Commission originally developed this model.

Amendment #922 recognizes that communications carriers and their affiliates already have detailed and successful processes in place to determine, assess and remit sales tax on sales of tangible personal property and services in Massachusetts.

This amendment does not impact the amount of sales tax revenue collected. It only allows approved qualified sellers to continue to collect and/or remit sales tax when selling on a marketplace. The Department of Revenue fully controls who is eligible for an exemption and retains its existing audit trails with sellers that have a proven track record of collecting and remitting sales tax.

We believe this amendment allows the marketplace facilitator framework to remain, while allowing proven partners to continue to assess and remit sales tax to the Commonwealth. We ask that you join us in supporting Amendment #922.

If you need more information, please contact Joe Zukowski at Verizon on 857-415-5178.

Sincerely,

**A&T
Comcast
Verizon**

**Massachusetts Taxpayers Foundation
CTIA- The Wireless Association**

Copy to: Speaker Robert Deleo
 Representative Mark Cusack, House Chairman - Revenue
 Representative Brad Jones, Minority Leader
 Representative David Muradian
 Senator Michael Rodrigues, Chairman - Senate Ways and Means
 Michael Heffernan, Secretary - Administration & Finance

Amendment #922 to H3800 - Qualified Sellers

Mr. Muradian of Grafton moves to amend the bill in section 14, in line 161, by striking the definition of the term “marketplace seller” and inserting in place thereof the following:-

“Marketplace seller”, a person other than a qualified seller that makes retail sales through a marketplace operated by a marketplace facilitator; provided, however, that a marketplace seller may also be a marketplace facilitator.

and in section 14, in line 191, after the definition of the term “purchaser” by adding the following:-

“Qualified seller”, a person that is certified by the commissioner as (i) satisfying the requirements of section 7 of this chapter to do business in this commonwealth as a vendor, (ii) selling, or being under common control with a qualified seller that sells telecommunications services, and (iii) either being a person whose ownership interests are publicly traded or being controlled, directly or indirectly, by a person whose ownership interests are publicly traded.