Resolution to Protect State Authority to Assess Taxes and Fees for State Universal Service Funds and E911 Services

WHEREAS, Legislation has been introduced in Congress that is intended to promote neutrality, simplicity, and fairness in the taxation of digital goods and digital services; and

WHEREAS, The National Regulatory Research Institute (NRRI) has recently completed a national Universal Service Fund (USF) Survey that verified there are 42 States and the District of Columbia which have a State USF or an equivalent; and

WHEREAS, The NRRI USF Survey determined that States utilize taxes and surcharge fees to fund USFs in order to provide financial support for: high cost service areas; intrastate access reform; broadband deployment and adoption programs; local telephone Lifeline service and Link-up programs; schools and libraries telecommunications and Internet access services; telemedicine programs; and telecommunications relay, captioned telephone and video relay services and associated access equipment; and

WHEREAS, The Federal Communications Commission (FCC) reports that at least 31 percent of American households rely upon interconnected Voice over Internet Protocol (VoIP) services to access E911 and other emergency services; and

WHEREAS, Several States have followed the FCC’s lead by expanding the funding contribution base for their State USF and E911 services to include interconnected VoIP service providers; now, therefore be it

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2012 Summer Committee Meetings in Portland, Oregon, urges Congress to ensure that any legislative proposal impacting the taxation of digital goods and digital services will not prohibit or limit the authority of States and local governments to assess a tax or surcharge fee to interconnected VoIP service providers and their customers in order to provide financial support for State Universal Service Funds, Telecommunications Relay Services and E911 services.

Sponsored by the Committee on Telecommunications and on Consumer Affairs
Adopted by the NARUC Board of Directors July 25, 2012