

**Resolution To Consider Taxation
As A Means of Supporting Universal Service**

WHEREAS, The Clinton Administration has stated in the "Agenda for Action," its commitment to developing a new concept of universal service that will service the information needs of the American people in the 21st century; and

WHEREAS, The Administration and Congress have recognized that the full potential of the National Information Infrastructure (NII) will not be realized unless all Americans who desire it have easy, affordable access to advanced communications and information services, regardless of income, disability, or location; and

WHEREAS, There have been numerous proposals regarding how universal service should be supported in an increasingly competitive environment and how new entrants should share more equally the burdens of supporting universal service; and

WHEREAS, Congress has set forth its goals to preserve and enhance universal telecommunications service in current legislation; and

WHEREAS, The FCC has asked the Federal-State Joint Board to undertake comprehensive review of the Universal Service Fund; and

WHEREAS, Local exchange carriers are required, under the Federal Tax Code, Section 4251-4254, to collect a three percent excise tax on amounts paid for toll telephone service, teletypewriter exchange service and local telephone service; and

WHEREAS, The General Fund of the United States received \$3.3 billion in 1993 as a result of the communications excise tax; now, therefore, be it

RESOLVED, That the Executive Committee of the National Association of Regulatory Utility Commissioners (NARUC), convened at its 1994 Summer Meetings in San Diego, California, recommends that the Federal-State Joint Board, FCC and Congress conduct a study examining all sorts of methods of supporting universal service including but not limited to appropriate taxation of new entrants in the telecommunications and information marketplace, completely revamping the separations/cost allocations processes in order to make implicit subsidies explicit, or any other system that would be more harmonious with a competitive market structure.

Sponsored by the Committee on Communications
Adopted July 27, 1994
Reported NARUC Bulletin, No. 32-1994, pp. 4-5