



NEW YORK STATE SENATOR

Liz Krueger

Senator Krueger Holds Roundtable Discussion on Modernizing the State's Telecommunications Tax System

LIZ KRUEGER August 12, 2009

| ISSUE: **ENERGY**

Albany- Several tax policy experts from around the country came to Albany Wednesday, August 12, to discuss with Senator Liz Krueger and her Select Committee on Budget and Tax Reform ways to bring New York State's telecommunications taxes into the 21st century.

Recognizing how New York tax policy has created inequities in the telecommunications industry by failing to keep pace with its rapidly-changing technology and practices, Senator Krueger held a roundtable meeting on modernizing the state's telecommunications tax system. Roundtable participants included tax policy experts representing service providers such as Time Warner Cable, Cablevision, Verizon, AT&T, DISH Network and DirectTV. Also attending the meeting were experts who have worked with the National Conference of State Legislatures and the Council on State Taxation in drafting blueprints for equitable state telecommunications tax methods for the 21st century.

Almost 15 years have passed since New York last gave its telecommunications taxes an overhaul. To usher in that reform it took an appellate court ruling that said a section of the state's Utilities Tax discriminated against interstate and foreign commerce.

Although the 1995 reforms addressed the issues raised by the court ruling, a subsequent New York State Department of Taxation and Finance report noted the “current system results in some taxpayer inequities” and “competitive changes within the industry will exacerbate these inequities.” Taxpayers confront these inequities when they shop for telecommunications services and realize that similar voice, video and data services are more heavily taxed primarily because their providers are subject to different articles of New York’s tax laws.

“Something seems amiss when Telecom X says the taxes on its services are vastly lower than taxes on similar services offered by Telecom Y,” Senator Krueger said.

Another factor contributing to these inequities is the complexity of New York’s telecommunications tax system. Highlighting the extent of this complexity, in the state budget passed earlier this year, the Senate directed the Department of Taxation and Finance, in consultation with the Public Service Commission, to do a full accounting of the state’s telecommunications taxes. The results of this study will be issued in a report by October 1st.

“The challenge for New York State is not only to catch up with where we are now, but to also have the foresight to frame tax policy in a way that is conducive to telecommunications in the years to come,” Senator Krueger said.

Roundtable participants included:

Stephen Kranz

Partner

Sutherland Asbill & Brennan LLP

Jeremy Kudon

Senior Associate

Orrick & Herrington LLP

(for DirectTV/Dish Network)

Scott Mackey

Partner

Kimbell Sherman Ellis LLP

(for Verizon/Verizon/Wireless/AT&T/Sprint/T-Mobile)

Victor Mallison

Executive Deputy Director

New York State Office of Real Property Services

Louis Manuta

Senior Attorney

Public Utility Law Project of New York

Scott Olson

Member

Cooper Erving and Savage LLP

(for the New York State Wireless Association)

Robert Puckett

President

New York State Telecommunications Association

Eric Tresh

Partners

Sutherland Asbill & Brennan LLP

(for the Cable Telecommunications Association of New York)

The Select Committee on Budget and Tax Reform, which is chaired by Senator Krueger, will continue exploring ways to modernize New York's telecommunications taxes and issue a report based on the roundtable discussions.