

## PROPOSAL FOR TELECOMMUNICATION LEGISLATION

The following is a new statute proposed for a sales tax exemption with telecommunication equipment:

### **“Section 57-39.2-04.7. Sales tax exemption for communications equipment.**

The gross receipts from the sale of communications equipment that is an integral part of providing communications service as defined in *[use the most recent definition for telecommunications service from the SSTP expected to be adopted in 2009]*, such as all equipment used in the transmission, reception, coordination, switching or delivery of communications service, other than buildings, are exempt from the taxes under this chapter.”

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The following is the possible definition, according to the Streamlined Sales Tax Project (SSTP), of "Telecommunications service" which definition could be included within the proposed telecommunication legislation for a sales tax exemption statute:

“Telecommunications service” means the electronic transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points. The term “telecommunications service” includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such service is referred to as voice over Internet protocol services or is classified by the Federal Communications Commission as enhanced or value added. “Telecommunications service” does not include:

- A. Data processing and information services that allow data to be generated, acquired, stored, processed, or retrieved and delivered by an electronic transmission to a purchaser where such purchaser’s primary purpose for the underlying transaction is the processed data or information;
- B. Installation or maintenance of wiring or equipment on a customer’s premises;
- C. Tangible personal property;
- D. Advertising, including but not limited to directory advertising.
- E. Billing and collection services provided to third parties;
- F. Internet access service;
- G. Radio and television audio and video programming services, regardless of the medium, 1 including the furnishing of transmission, conveyance and routing of such services by the programming service provider. Radio and television audio and video programming services shall include but not be limited to cable service as defined in 47 USC 522(6) and audio and video programming services delivered by commercial mobile radio service providers, as defined in 47 CFR 20.3;
- H. “Ancillary services”; or
- I. Digital products “delivered electronically”, including but not limited to software, music, 8 video, reading materials or ring tones.