

## “Wireless Tax Fairness Act of 2015”

The “Wireless Tax Fairness Act of 2015” would halt the trend of discriminatory, regressive taxation of wireless services. The bill would preclude any State or locality from imposing *new discriminatory* taxes on mobile services or providers for a 5-year period.

- **Combined wireless taxes are more than double those on other goods and services.** Recent studies show that the average rate of federal, state and local taxes and fees imposed upon wireless services is 18%. An average 7.4% tax rate is imposed upon other goods and services. This discriminatory taxation is a broad problem -- 47 states and the District of Columbia impose taxes and fees on wireless services in excess of the general sales tax rate.
- **The burden of excessive wireless taxation falls most heavily on minorities and low-income Americans.** According to a 2013 Pew study, 73% of African Americans and 75% of Latino Internet users access the web on a mobile device, compared to 60% of whites.<sup>1</sup> Another 2013 Pew study also found that the cell phone is the primary means of Internet access for 60% of Latinos and 45% of African Americans, as well as 45% of all cell Internet users in households making under \$30,000 annually.<sup>2</sup> Rising wireless tax rates have a disproportionate adverse impact on these groups, who are in greatest need of wireless Internet access.
- **Discriminatory taxation discourages wireless broadband deployment.** Consumers increasingly use mobile devices as their sole means of Internet access. A strong national policy consensus is to encourage deployment and adoption of wireless broadband services. Excessive, discriminatory wireless taxes run directly counter to that goal.
- **Existing state and local government revenue streams are held harmless.** The bill does not impact revenue that state and local governments collect today – it simply calls for a “time-out” on additional taxes and fees on wireless consumers. Such a moratorium would facilitate industry discussions with other stakeholders to address this issue.
- **Only new, discriminatory taxes on wireless services and providers are precluded.** State and local jurisdictions could still raise revenues by imposing or increasing broadly applicable taxes (e.g., sales taxes) to wireless customers and services. The bill would only bar new taxes on wireless customers that exceed generally applicable taxes.

Wireless networks are the global and interstate “highways” of the 21st Century. With the advent of new fourth-generation services (e.g., 4G LTE), the economic and social potential of wireless technologies has never been greater. Wireless services are poised to significantly expand the reach of broadband and increase consumer adoption. It is critical for Congress to ensure that state and local tax policies do not undermine our national broadband policy

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<sup>1</sup> Pew Hispanic Center, *Closing the Digital Divide: Latinos and Technology Adoption*, Mar. 7, 2013, <http://www.pewhispanic.org/2013/03/07/closing-the-digital-divide-latinos-and-technology-adoption>.

<sup>2</sup> Pew Internet & American Life Project, *Cell Internet Use 2013*, Sep. 16, 2013, <http://pewinternet.org/Reports/2013/Cell-Internet/Main-Findings/Cell-Internet.aspx>.