

SB 751

Bill Overview

Current law requires that companies that provide communication services are centrally assessed. The bill attempts to carve out certain of those communication entities for local assessment. The bill attempts to achieve the carve out by describing a series of communication services called "information services" and then exempting providers of those services from central assessment.

The department is has three concerns regarding the administration of the tax policy presented in the bill

1. The language is ambiguous. The proponents have said that the bill simply applies to Yahoo!, Google and Facebook.

- I have to ask myself, do Qwest, Comcast, AT & T, and Verizon offer the capability to acquire information through communication? If they do then they appear to fit under the definition on page 1 subsection 4 as providing information services.
- Do other internet related features and services fall under the definition of "information services"? Does offering a portal, content, a platform, domain, transmission, ISP's, internet traffic management, point of presence, IVDS (interactive video data service), telephony management, and call routing mean that a company is centrally or locally assessed for any one or combination of these features or services? These and other questions have to be answered.
- Is it reasonable that a taxpayer/company would construe this language from their perspective and see a Gestalt image? The proponents see one image clearly, but other images can also be seen. That's fair and reasonable but not easily administered and will be a receipt for litigation.



- Another view is that the language on page 3 lines 9 to 12 place all companies except Yahoo!, Google and Facebook under local assessment and leaves those three companies under central assessment. For example, with any ISP you have an agreement that allows you offer the ability to acquire information and make that available through communication.

2. What does this bill say about companies that provide some information services but also provides other services such as transmission point to point?

- What purpose does the phrase “to the extent” serve? Does that mean that some of a company’s property is centrally assessed and other parts are locally assessed?
- What if the property serves dual purposes? How are they to be assessed?
- How are companies with integrated services to be handled? Under this language is a person who provides information service but also has 1 million access lines supposed to be locally assessed?
- Today communication systems are interdependent and integrated which means there are few if any bright lines that can be drawn. The line in this bill is a blur.

3. Applicability issue with 2009

- Section 3 makes the provisions applicable to the 2009-10 tax year.
- This would require removal from the central assessment roll of any company property under the bill and a refund from the county with 12% interest for up to 2 years.
- The counties would then correct their tax rolls by adding the locally assessed values as omitted property. The 2009-10 value and taxes would be added to the 2012-13 tax roll and the 2010-11 value and taxes would be added to the 2013-14 tax roll with taxes due in November 2013.
- The fiscal impact is dependant on the scope of the bill and therefore is not yet known.