



TO: Honorable Members of the Pennsylvania House of Representatives

FROM: Samuel Denisco, Vice President, Government Affairs

DATE: April 9, 2018

RE: Support HB 994 (Grove) – Telecommunications GRT Definition

The Pennsylvania Chamber of Business and Industry respectfully urges you to **support House Bill 994**, legislation that would align the tax bases of the sales and use and gross receipts taxes for the purposes of taxation of wireless services. The House is scheduled to consider this bill today.

As you know, wireless services are currently subject to two different state consumption taxes – the 6% sales and use tax and the 5% gross receipts tax. The sales and use tax definitions governing the imposition of tax on wireless services were updated in 2001, when the legislature amended the sales tax statute to conform to the federal Mobile Telecommunications Sourcing Act. This federal law created a national standard for sourcing sales to wireless service for state and local tax purposes in order to prevent double taxation or nowhere taxation of wireless services that are often used across state lines.

Unfortunately, when the Commonwealth amended the gross receipts tax statute in 2003 to expand the tax to wireless service, the gross receipts tax definitions were not modernized. The current gross receipts tax statute governing the taxation of wireless imposes the tax on the “*gross receipts ... received from ... mobile telecommunications messages...*” The term “mobile telecommunications messages” is not defined in the statutes nor is it a term of art in the industry, leading to a lack of clarity about what is and is not included in the tax base.

HB 994 would replace this ambiguous language in the gross receipts tax statute with the clear definitions from the sales and use tax statute. This would bring consistency between the application of the sales and use tax and gross receipts taxes. It would also eliminate confusion and uncertainty over which services were subject to taxation both now and in the future.

Please support HB 994.