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## FISCAL IMPACT REPORT



SPONSOR: Whitaker DATE TYPED: 02/05/02 HB 299

SHORT TITLE: Mobile Telecommunications Services Taxes SB \_\_\_\_\_

ANALYST: Valenzuela

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
		NFI			

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC files  
 General Services Department (GSD)  
 Public Regulation Commission (PRC)

### SUMMARY

#### Synopsis of Bill

House Bill 299 aligns New Mexico statutes to conform with the federal law regarding taxation of mobile telecommunication services.

#### Significant Issues

Many state tax laws applicable to the telecommunication services were written to conform to a U.S. Supreme Court's decision in *Goldberg v. Sweet* case, where the court ruled that for states to have jurisdiction to impose taxes on interstate telecommunications, the call must either originate or terminate in a given state and the service address to which the call is charged must also be in that state. The complexity of applying the Goldberg method to wireless telecommunications arises from the inherent difficulty in identifying the precise location from which a call is placed.

In July 2000, Congress approved the Mobile Telecommunications Sourcing Act (Public Law 106-252, codified at 4 U.S.C Sections 116 through 126). House Bill 299 recognizes that the Mobile Telecommunications Sourcing Act was passed to establish sourcing requirements for state and local taxation of mobile telecommunication services. In general, the bill provides that taxes on mobile

telecommunications services shall be collected and remitted to the jurisdiction where the customer's primary use of the services occurs, irrespective of where the mobile telecommunications services originate, terminate, or pass through.

**FISCAL IMPLICATIONS**

House Bill 299 does not carry an appropriation. Both the PRC and GSD state that enactment of the bill will have no fiscal or administrative impact on the agencies.

MFV/njw:ar