



Michigan House Committee on Ways and Means – October 3, 2019

H.B. No. 4541

Testimony of Beth Sosidka, AT&T

Good Morning. My name is Beth Sosidka. I work for AT&T as a Director of State & Local Tax Policy, where I am responsible for AT&T policy on “marketplace facilitator” issues – like those addressed in House Bills 4540, 4541, 4542 and 4543. I am here to address AT&T’s support for an exclusion for telecom services in HB 4541.

States all over the country are adopting bills that allow them to tax out-of-state transactions by putting the responsibility for collecting sales and use taxes on the providers of platforms used to make sales over the internet. AT&T does not oppose these efforts. But we do monitor them to make sure that the new system for collecting taxes does not create unintended problems for companies already remitting taxes, for state and local governments, and for the consumers. AT&T is both a marketplace facilitator and a marketplace seller, so we bring the perspective of both sides.

We see a problem with the Michigan proposal that would lead to the under-collection of taxes and surcharges on telecom services.

Telecom services are unique because, historically, tax laws have used the phone bill as a convenient way to collect taxes and surcharges.

1. The best example is 911. In Michigan, there are three separate 911 surcharges. The largest is the county surcharge, which is as high as \$3.00 per line, per month.
2. There are also federal universal service charges that support services for low-income customers, schools and libraries.

Marketplace facilitators will not do this job because: (1) HB 4541 does not clearly require them to, and (2) they don’t do it voluntarily. If HB 4541 is adopted in current form, AT&T would potentially have to send a separate bill to customers just for the 911 surcharges and the federal USF charges. That would be massively confusing to customers and would jeopardize municipal 911 funds and universal service funds.



Our solution: allow telecom providers to continue collecting and remitting use taxes and surcharges. We have the expertise and have been doing the job for decades. This is good tax policy because it maximizes collection of tax and surcharge revenues and no one is harmed.

Two final points.

One, some have suggested that AT&T does not have any services that would be impacted by HB 4541. That is not accurate. AT&T has a prepaid wireless card that is sold over an internet platform. By the way, some internet platform providers collect 911 surcharges; some do not. There will be more AT&T services sold this way as retail sales increasingly move to the internet.

Two, you should know that the National Conference of State Legislators is working on model state legislation in this area and the Multistate Tax Commission has a working group. State tax departments and industry are coming together to address the problem I describe today – as well as other unintended effects of marketplace legislation. AT&T is working closely with these groups.

Thank you for your time. I would be happy to answer any questions.