

# **ALERT**

## **Capitol Contact**

### **2018 Virginia General Assembly**



Virginia Association of Counties  
1207 E. Main Street  
Suite 300  
Richmond, VA 23219  
[www.vaco.org](http://www.vaco.org)  
804.788.6652  
#VACoCapitolContact

Friday, January 26, 2018

## **Capitol Contact ALERT –**

### **Communications Sales and Use Tax on House Finance Committee Docket for Monday Morning**

[HB 1051 \(Watts\)](#), legislation that modernizes the Communications Sales and Use Tax (CSUT) to reflect the present-day telecommunications world, has been placed on the docket for the full House Finance Committee meeting on Monday, January 29, at 8:30 a.m.

**Action Required** – Contact [House Finance Committee](#) Members today and express your support for HB 1051. VACo detailed the need to innovate the “typewriter tax” in a recent [County Connections article](#).

#### **TALKING POINTS**

- The bill updates the CSUT by removing the exemptions for audio and streaming services, and prepaid calling services.
- Elimination of these exemptions was identified by a Department of Taxation [study](#) (mandated by the General Assembly) in 2015 as a way to stabilize declining revenues and to remove the “competitive disadvantage” they place on providers of similar service, such as cable television and post-paid calling services.
- When the Communications Sales and Use Tax was put in place in 2007, it replaced certain local telecommunications taxes. In FY 2008, revenues

generated by the Communications Sales and Use Tax for distribution to localities were \$472 million – but by FY 2015, that amount had declined to \$396 million.

- The current tax has become outdated – it captures communications services which are declining in popularity, especially landlines (the Department of Taxation estimated that the number of landlines fell by 21.1 percent between 2007 and 2014), but not growing services such as streaming. It's time to revisit the tax structure to ensure that it keeps pace with current technology and that like services are treated alike.

## KEY CONTACTS

**House Finance Committee:** [Ware \(Chairman\)](#), [Pogge \(Vice Chair\)](#), [Orrock](#), [Byron](#), [Cole](#), [Hugo](#), [Cline](#), [Fariss](#), [Fowler](#), [Bloxom](#), [Freitas](#), [Brewer](#), [Watts](#), [Keam](#), [Filler-Corn](#), [Kory](#), [Sullivan](#), [Heretick](#), [Lindsey](#), [Ayala](#), [Jones, J.C.](#), [Carter](#)

**VACo Contacts:** [Katie Boyle](#) and [Joe Lerch, AICP](#)