

# **Historical Tax Law Changes**

## **Telecommunication Services Excise Tax**

**Laws 1983, Chapter 316** provided for a Telecommunication Services Excise Tax at a rate of one-half of 1% of the amount charged by a provider for exchange access services for the purpose of financing emergency telecommunication services. The rate was levied beginning July 1, 1983. (E - May 4, 1983)

**Laws 1985, Chapter 35** established a program to provide telecommunication devices to the deaf and severely hearing impaired. Beginning July 1, 1985, an excise tax of two-tenths of 1% of the amount charged by a provider for exchange access services was imposed for the purpose of financing such telecommunication devices. This tax was scheduled to expire on June 30, 1988. (E - April 9, 1985)

**Laws 1986, Chapter 177** increased the maximum allowable tax rate levied for financing emergency telecommunication services from one-half of 1% to 1.5% of the amount charged by a provider for exchange access services. (E - August 13, 1986)

**Laws 1988, Chapter 145** increased the Telecommunication Services Excise Tax for financing telecommunication devices for the deaf and severely hearing impaired from two-tenths of 1% to four-tenths of 1%. Also made this tax permanent by eliminating the prior June 30, 1988 expiration date. (E - June 2, 1988)

**Laws 1989, Chapter 73** modified the current maximum rate of four-tenths of 1% tax rate on basic phone exchange access service charges for financing telephone devices for the hearing impaired (TDD's) by establishing an eight-tenths of 1% maximum rate on the tax. (E - April 20, 1989)

**Laws 1989, 2nd Special Session, Chapter 1** required taxpayers, with an annual liability of \$100,000 or more in the preceding calendar year or who can reasonably expect to reach this amount in the current year, to make an estimated payment for the first 15 days of each month. The estimated payment can be either:

- (1) One-half of the previous month's actual liability.
- (2) The actual tax liability for the first 15 days of current month.

The due date is the 20th day of each month, while the delinquency date is the 25th day if mailed or the business day preceding the last business day of the month. The balance for the month is paid when filing the normal monthly return. (E - May 1, 1990)

**Laws 1991, Chapter 75** eliminated the requirement for the Arizona Council for the Hearing Impaired to establish a dual party relay system, but instead, the Executive Secretary of the Council will recommend a Telecommunications Service Excise Tax rate reduction to the Joint Legislative Tax Committee when a telecommunications company establishes such a system for the deaf or hearing or speech impaired. These provisions become effective on the earlier of July 26, 1993 or the date a telecommunications company establishes a dual party relay system in Arizona pursuant to Section 401 of the Americans with Disabilities Act. (E - September 21, 1991)

**Laws 1994, Chapter 88** increased from 0.8% to 1.6% the amount of tax that can be levied on the gross proceeds of sales or gross income derived from the business of providing exchange access services. The tax is used for the purposes of financing telecommunication devices for the deaf and severely hearing and speech impaired. The act contains provisions defined in Article IX, Section 22, Constitution of Arizona that requires the affirmative vote of at least two-thirds of both houses. (E - April 12, 1994)

**Laws 1996, 5<sup>th</sup> Special Session, Chapter 5** established, for FY 1997, the rate of the telecommunications services excise tax and changed the tax distribution. The act established a tax rate of 1.1%, while also creating a Poison Control Fund which is to receive 0.3% of the total 1.1% tax levy. The other 0.8% of collections continues to be deposited in the Telecommunications Fund for the Deaf under the bill.

**Laws 1996, 6<sup>th</sup> Special Session, Chapter 1** exempted the following two types of sales from the tax base of the telecommunications tax:

- The sales of intrastate telecommunications services to a direct broadcast satellite television or data transmission service for use in its operation.
- The sales of direct broadcast satellite television services by a direct broadcast satellite television service.