



**Testimony of
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CTIA**

**In Opposition to
Connecticut House Bill 5446**

**Before the
Connecticut Joint Committee on Energy and Technology**

March 14, 2024

On behalf of CTIA®, the trade association for the wireless communications industry, I submit this testimony in opposition to Connecticut House Bill 5446. This bill would impose a new, additional tax of 5.25% on gross receipts from wireless services, as well as wireless telephones and other equipment used to “facilitate” communications services.

Currently, wireless consumers pay the 6.35% sales tax on their wireless service plus an additional 68 cents per line per month to support the state 911 program. This proposed legislation would impose a second tax on wireless service. Consumers could see a total state tax and surcharge burden in excess of 13%.

There is simply no economic or policy justification for imposing double taxation on wireless service. According to the Federation of Tax Administrators, Connecticut reported that it currently taxes 99 out of 176 services. Yet this bill would tax wireless service twice.

To make matters worse, the tax would be imposed on “...*any other governmental fees or assessments that are itemized on a customer’s billing statement...*”. Not only would the bill



impose a double tax on wireless service, but it would also impose a new tax on government fees and assessments – a double tax on a tax.

The bill would also tax “...*rental equipment, modems, phones or other devices that enable or facilitate the use and enjoyment of any communications service...*”. This very broad imposition would impose a tax on these items if they are sold by a “*communications service provider*” but not if they are sold by a traditional retailer. For example, a device sold by a wireless provider would be subject to the tax, while the same exact device sold by a Big Box retailer would not be taxed. This discriminatory tax would create a significant and unnecessary price disparity for many phones and accessories thereby creating an arbitrary competitive advantage for traditional retailers in an already highly competitive wireless equipment market.

Similarly, the bill would also tax “...*any other service charges or fees assessed by the communications services provider.*” This extraordinarily broad imposition could be interpreted to tax all manner of services, including those that are not subject to sales tax. Any services, such as data processing services, information services, advertising services, and various online and digital services would be subject to this tax when sold by a communications service provider, but not when sold by companies like Amazon, Google, Microsoft, and many of the biggest companies in the world. According to US Government studies, the poorest Americans are the most likely to have “cut the cord” and rely solely on wireless service for voice



communications and Internet access. Renters are significantly more likely to rely solely on wireless service than homeowners.

This data suggests that new taxes on wireless consumers would disproportionately hit those who can least afford to pay new taxes the hardest. At a time when Americans are struggling with the impact of inflation on food, housing, and other necessities, this new tax would add to the financial burden on low-income Connecticut residents.

For all these reasons, CTIA urges the Committee not to advance House Bill 5446.