



June 27, 2024

The Honorable Aaron Michlewitz  
Chair, House Committee on Ways and Means  
State House, Room 243  
Boston, MA 02133

Dear Chair Michlewitz and Members of the House Committee on Ways and Means:

On behalf of CTIA®, the trade association for the wireless communications industry, I write to express our strong support for four amendments to House Bill 4789. Previously, we submitted a letter requesting these policy changes to support economic development in the Commonwealth. The first three amendments promote broadband network expansion, communications network resiliency, and timely disaster response to restore communications networks. The fourth amendment reduces costs for lower income wireless consumers. These changes will allow for more network investment in Massachusetts, creating jobs and benefiting businesses and residents alike.

The wireless service marketplace is one of the most competitive marketplaces of any industry in Massachusetts, with all major carriers competing for customers in all 351 cities and towns. This competition has benefited consumers with lower prices for wireless services even as the cost of other goods and services have experienced inflationary increases. To continue to meet the ever-increasing consumer demand for wireless connectivity and to allow more businesses throughout the Commonwealth to benefit from the many productivity benefits offered by wireless technologies, wireless carriers must constantly invest in network expansion and technology upgrades.

Adopting these amendments will promote investment in wireless networks, enhance the marketplace, create competition in new areas of the Commonwealth and improve the customer experience.

#### Amendment #523: Taxation of Equipment Used to Provide Broadband Communication Services

The wireless industry seeks an exemption from the sales and use tax for all broadband equipment purchased to support network expansion and improvements in the Commonwealth. Massachusetts is one of three Northeast states that taxes such broadband equipment investment. Connecticut, New Jersey, New York, and Pennsylvania already exempt broadband equipment from sales and use taxes, while Delaware and New Hampshire do not impose a sales tax. This amendment will help leverage additional investment in the Commonwealth to enhance the overall wireless experience for customers, as it would reduce the cost of investment and thereby increase investment.

Massachusetts already provides similar exemptions for the manufacturing, agriculture, fishing, life sciences, and other critical industries in the Commonwealth (Chapter 64H, Section 6(r) and 6(xx)).

#### Amendment #578: Critical Telecommunications Infrastructure

The telecommunications industry keeps a fleet of repair trucks, COWs (cell sites on wheels), and other equipment throughout the Commonwealth and surrounding states to respond quickly to network



outages caused by natural disasters and other incidents. These deployments also can be the result of a direct request from a local government or public safety agency.

This amendment proposes a tax exemption for rolling stock used by telecommunications providers for critical infrastructure. Such an exemption would reduce costs for emergency deployments and ensure robust service continuity during emergencies. This aligns Massachusetts with other states that have similar exemptions and supports our ability to maintain and restore critical communications services.

The current DOR Directive 23-1 (<https://www.mass.gov/directive/directive-23-1-use-tax-applied-to-the-sale-of-rolling-stock-deminimisstandard>) imposes taxation on rolling stock owned or leased for 12 months or longer if used or stored in Massachusetts for no more than six days during a 12-month period. This directive can potentially increase costs when responding to natural disasters and public safety needs.

This directive states “where a taxpayer demonstrates that rolling stock that it owns or leases for 12 months or longer was used or stored in Massachusetts for no more than six days during a 12-month period, the Commissioner will consider the in-state use to be de minimis and will neither impose, nor require the taxpayer to pay, use tax on the use or storage of the rolling stock in Massachusetts for that period.” The effect of this directive is that it could potentially expose wireless carriers to enhanced costs when responding to natural disasters, weather emergencies, and public safety needs. This cost increase could occur during the normal course of business, as the wireless carriers must frequently deploy assets maintained out of state into Massachusetts to meet these emergent network needs. Because of the expense and infrequent use of these assets and the small geographical size of the New England states, the wireless industry typically relies on equipment to serve multiple states. Massachusetts is an outlier in imposing taxation in this manner.

#### Amendment #346: Disaster Recovery Response

This amendment will create a narrowly targeted provision that will not require wireless carriers to withhold payroll taxes from employees from out-of-state that are deployed in the Commonwealth to respond to a natural disaster, storm cleanup, or other public safety requests. The out-of-state employees will still pay for lodging, meals, sales and other relevant taxes related to their economic activity in the Commonwealth during the deployment. This amendment will create significant compliance savings for the industry without significant impact on the General Fund, as the payroll taxes that will be collected in this situation are de minimis.

Thirty-four states, including neighboring states like Connecticut, Maine, New Hampshire, Rhode Island and Vermont, have already enacted similar legislation.

#### Amendment # 181: Prepaid Wireless Surcharges

The wireless industry has sought removal of the 911 fee from prepaid wireless transactions. Currently, prepaid wireless customers pay the 911 fee in all transactions except third party retail transactions (for example, purchases at a convenience store). The current system is inequitable across this customer base. Removal of the fee will result in reduced costs for prepaid wireless customers. Low-income



consumers are more likely to purchase prepaid services so repealing the fee will end a regressive tax on those who can least afford it. The fee is paid directly to the State 911 Department, so no revenue from the General Fund will be lost with this amendment.

House Bill 3134, which includes this provision, was favorably reported by the Committee on Telecommunications, Utilities, and Energy on April 16<sup>th</sup>. The Department of Telecommunications and Cable also recently approved an extension of the increase of the \$1.50 per line per month 911 fee for four more years. The fee had been scheduled to decrease to \$1.00 per line per month on January 1, 2024. This increase, which was not opposed by the wireless industry, will ensure that sufficient funds are available for the 911 program even with the repeal of the 911 fee on prepaid wireless.

The State 911 Department reported collecting \$164.8 million in 911 fees across wireline, wireless, prepaid wireless, and VoIP for the calendar year 2022. Of that total, the Department reported collecting \$14.8 million from prepaid wireless customers. The report further indicates that the Department estimates the cost of providing 911/E911 service at \$51.7 million. Again, there is more than a sufficient cushion available to fund the 911 program even after the repeal of the 911 fee on prepaid wireless.

For all these reasons, we respectfully ask that you adopt these important amendments. Thank you for your consideration.

Sincerely,

*Annissa Reed*

Annissa Reed

Director, State and Local Affairs