

# FINAL BILL REPORT

## SHB 2055

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C 76 L 04

Synopsis as Enacted

**Brief Description:** Modifying the taxation of telephone services.

**Sponsors:** By House Committee on Technology, Telecommunications & Energy (originally sponsored by Representatives Morris, Crouse and Bush).

**House Committee on Technology, Telecommunications & Energy**

**House Committee on Finance**

**Senate Committee on Technology & Communications**

**Background:**

In an effort to provide one-stop-shopping for customers, some telecommunications companies are "bundling" or packaging different services into one bill at a set price. Some of these services, such as residential local service for land-line customers, are not subject to the retail sales tax. But other services, such as long distance, are subject to the retail sales tax.

Under the federal Mobile Sourcing Act, wireless services that are nontaxable when bundled with taxable services remain nontaxable if the provider can reasonably identify the nontaxable charges using its regular business records. Land-line services are treated differently. When taxable and nontaxable land-line services are bundled, the entire package is generally taxable.

**Summary:**

Telephone services that are not taxable continue to be nontaxable when bundled with taxable services if the provider can identify, using its books and records kept in the ordinary course of business, that portion of the charge attributable to the nontaxable services.

**Votes on Final Passage:**

House	97	0
Senate	49	0

**Effective:** June 10, 2004