

**CITY OF REDWOOD CITY
COMMUNICATIONS USERS TAX ADMINISTRATIVE RULINGS AND
INTERPRETATION (2.0)**

Authority. Pursuant to Section 32.614B of the Redwood City Communications Users Tax Ordinance (Ord. #2316), the Tax Administrator hereby adopts the following administrative rulings and administrative interpretation:

A. Administrative Ruling (Prepaid Telecommunication Service). To facilitate the accurate application, collection and remittance of the City’s “communications tax”, this Ruling is adopted with the intent of providing the following general guidance to the tax-collecting utilities and their agents:

1. Notwithstanding the wording of the ordinance (Ord.#2316), for purposes of administrative ease, the Communications Tax shall not apply to “prepaid telecommunication service”, as it is impracticable, at this time, for the tax collecting utilities to collect the full tax on prepaid telecommunication service from the actual service user.

Limitation. This Ruling is intended to give general guidance and should not be viewed as providing a definite answer to all factual situations, as the exact application of the tax will depend on the nature of the service, the manner in which it is billed (*e.g.*, bundled or unbundled), and other factors that could bear on whether the communications tax is applied or not applied.

Effective and Expiration Dates. This Ruling shall automatically expire on January 1, 2011, so that the conditions then existing may be reviewed, and the Administrative Ruling may be thereafter revised, as appropriate, and then re-adopted. Nothing herein, however, shall preclude the Tax Administrator from revising or rescinding this Administrative Ruling at any time.

B. Administrative Ruling (Private Communication Services). Pursuant to Section 32.604B, the sourcing of charges for the use of private communication services shall be as follows:

- 1. Service for a separate charge related to a customer channel termination point is sourced to each level of jurisdiction in which such customer channel termination point is located.*
- 2. Service where all customer termination points are located entirely within one jurisdiction or levels of jurisdiction is sourced in such jurisdiction in which the customer channel termination points are located.*
- 3. Service for segments of a channel between two customer channel termination points located in different jurisdictions and which segment of channel are separately charged is sourced fifty percent in each level of jurisdiction in which the customer channel termination points are located.*

4. *Service for segments of a channel located in more than one jurisdiction or levels of jurisdiction and which segments are not separately billed is sourced in each jurisdiction based on the percentage determined by dividing the number of customer channel termination points in such jurisdiction by the total number of customer channel termination points.*

Limitation. This Ruling is intended to give general guidance and should not be viewed as providing a definite answer to all factual situations, as the exact application of the tax will depend on the nature of the service, the manner in which it is billed (e.g., bundled or unbundled), and other factors that could bear on whether the communications tax is applied or not applied.

Effective and Expiration Dates. This Ruling shall automatically expire on January 1, 2011, so that the conditions then existing may be reviewed, and the Administrative Ruling may be thereafter revised, as appropriate, and then re-adopted. Nothing herein, however, shall preclude the Tax Administrator from revising or rescinding this Administrative Ruling at any time.

C. Administrative Ruling [Best Practices Policy 1.0 Version (9)]. Best Practices Policy 1.0 Version (9), as previously adopted by administrative ruling in 2003, is inapplicable to Section 32.601 *et seq.* (Ord. #2316).

D. Administrative Interpretations. To facilitate the accurate application, collection and remittance of the City's "communications tax", this Ruling is adopted with the intent of providing the following general guidance to the tax-collecting utilities and their agents:

1. *The following terms referenced in the ordinance shall have the following meanings:*

a. *"Paging service" means a "telecommunications service" that provides transmission of coded radio signals for the purpose of activating specific pagers; such transmissions may include messages and/or sounds.*

b. *VoIP (voice over internet protocol) means the digital process of making and receiving real-time voice transmissions over any Internet Protocol network.*

c. *"800 service" means a "telecommunications service" that allows a caller to dial a toll-free number without incurring a charge for the call. The service is typically marketed under the name "800", "855", "866", "877", and "888" toll-free calling, and any subsequent numbers designated by the Federal Communications Commission.*

d. *"900 service", which means an inbound toll "telecommunications service" purchased by a subscriber that allows the subscriber's customers*

to call in to the subscriber's prerecorded announcement or live service. "900 service" does not include the charge for: collection services provided by the seller of the "telecommunications services" to the subscriber, or service or product sold by the subscriber to the subscriber's customer. The service is typically marketed under the name "900" service, and any subsequent numbers designated by the Federal Communications Commission.

City of Redwood City UUT Tax Administrator

Date: December , 2007