

## Title 4. Revenue and Finance

### Chapter 4.38. COMMUNICATIONS USERS TAX

#### § 4.38.020. Communications users tax.

##### A. Telecommunication Services.

1. There is imposed a tax upon every person in the city, using telecommunication services. The tax imposed by this section shall be at the rate of six and one-half (6.5) percent of all charges made for such services and shall be collected from the service user by the telecommunication services supplier or its billing agent. There is a rebuttable presumption that telecommunication services, which are billed to a billing or service address in the city, are used, in whole or in part, within the city's boundaries, and such services are subject to taxation under this chapter. If the billing address of the service user is different from the service address, the service address of the service user shall be used for purposes of imposing the tax. As used in this section, the term "charges" shall include the value of any other services, credits, property of every kind or nature, or other consideration provided by the service user in exchange for the telecommunication services.
2. As used in this section, the term "telecommunication services" shall include, but is not limited to, charges for: connection, reconnection, termination, movement, or change of telecommunication services; late payment fees; detailed billing; central office and custom calling features (including, but not limited to, call waiting, call forwarding, caller identification and three-way calling); voice mail and other messaging services; directory assistance; access and line charges; universal service charges; regulatory, administrative and other cost recovery charges; local number portability charges; and text and instant messaging. "Telecommunication services" shall not include digital downloads that are not "ancillary telecommunication services", such as music, ringtones, games and similar digital products.

##### B. Video Services.

1. There is imposed a tax upon every person using video services in the city from a video service supplier. The tax imposed by this section shall be at the rate of six and one-half (6.5) percent of the charges made for such video services, and shall be collected from the service user by the video service supplier, or its billing agent.
2. As used in this section, the term "charges" shall include the value of any other services, credits, property of every kind or nature, or other consideration provided by the service user in exchange for the video services. Charges for video services shall also include, but are not limited to, charges for the following:
  - a. Regulatory fees and surcharges, franchise fees and access fees (PEG);
  - b. Initial installation of equipment necessary for provision and receipt of video services;
  - c. Late fees, collection fees, bad debt recoveries, and return check fees;
  - d. Activation fees, reactivation fees, and reconnection fees;
  - e. Video programming and video services;
  - f. Ancillary video services (e.g., electronic program guide services, recording functions, search functions, or other interactive services or communications that are ancillary, necessary or common to the use or enjoyment of video services);
  - g. Equipment leases (e.g., remote, recording or search devices, converters, remote devices); and
  - h. Service calls, service protection plans, name changes, changes of services, and special services;
  - i. Leasing of channel access.

C. Mobile telecommunications service shall be sourced in accordance with the sourcing rules set forth in the Mobile Telecommunications Sourcing Act (4 U.S.C. Section 124). The tax administrator may issue and disseminate to communication service suppliers, which are subject to the tax collection requirements of this chapter, sourcing rules for the taxation of other communication services, including, but not limited to, post-paid communication services, prepaid communication services, and private communication services, provided that such rules are based upon custom and common practice that further administrative efficiency and minimize multijurisdictional taxation (e.g., Streamlined Sales and Use Tax Agreement).

D. The tax administrator, from time to time, may issue and disseminate to communication service suppliers which are subject to the tax collection requirements of this chapter, an administrative ruling identifying those communication services that are subject to the tax of subsection **A.** above. Further, the tax administrator, from time to time, may survey the video service suppliers in the city to identify the various components of video service that are being offered to customers within the city, and the charges therefor. The tax administrator, thereafter, may issue and disseminate to such video service suppliers an administrative ruling identifying those components:

1. That are necessary for or common to the receipt, use or enjoyment of video service; or
2. Which currently are or historically have been included in a bundled rate for video service by a local distribution company. Charges for such components shall be subject to the tax of subsections **A.** and **B.** above.

E. To prevent actual multijurisdictional taxation of communication services subject to tax under this section, any service user, upon proof to the tax administrator that the service user has previously paid the same tax in another state or city on such communication services, shall be allowed a credit against the tax imposed to the extent of the amount of such tax legally imposed in such other state or city; provided, however, the amount of credit shall not exceed the tax owed to the city under this section.

F. The tax on communication services imposed by this section shall be collected from the service user by the service supplier or its billing agent. In the case of video service, the service user shall be deemed to be the purchaser of the bulk video service (e.g., an apartment owner), unless such service is resold to individual users, in which case the service user shall be the ultimate purchaser of the video service. The amount of tax collected in one month shall be remitted to the tax administrator, and must be received by the tax administrator on or before the twenty-fifth day of the following month.

H. Proceeds of the tax imposed by this section shall be deposited in the general fund of the city and be available for any legal purpose.  
(Ord. 5649, § 1, 4-20-2009)