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# TELECOMMUNICATIONS ASSOCIATION OF MAINE

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February 15, 2017

Senator Sana Dow, Senate Chair  
Representative Ryan Tipping, House Chair  
Members of the Committee on Taxation  
128<sup>th</sup> Maine Legislature  
100 State House Station  
Augusta, ME 04333

**Re: LD 235, An Act To Repeal the Service Provider Tax**

The Telecommunications Association of Maine (TAM) offers the following comments in support of LD 235, "An Act To Repeal the Service Provider Tax".

TAM's members, as telecommunications companies, are currently subject to the Service Provider Tax. Taxation of telecommunications service has often resulted in higher costs to telecommunications customers than what they would pay for other services. Until recently, telecommunications personal property was taxed directly by the State at a mil rate that was 10 mils above the statewide average. While this was transformed in 2011 to an excise tax designed to mirror the underlying mil rate for the communities in which the property is located, it is still being collected by State for use in the general fund. Over the course of its history, the Service Provider Tax has at times been equal to the Sales Tax, and at times higher. Whenever there is a higher tax on telecommunications bills than on the bill a customer pays for normal daily purchases, it becomes a concern of the customer. The entity the customer most often goes to when questioning these higher costs is their telecommunications company. It can at times be difficult to fully explain why costs for telecommunications services are higher than other services the customer may purchase. Eliminating the discrepancy between what telecommunications customers pay and what customers of other businesses pay would be a positive step towards a simpler and cleaner system of taxation. However, TAM is mindful that the Service Provider Tax was developed in part to secure federal aid. As such, TAM would understand if the net loss to the State was so significant as to outweigh the benefits of a single, easy to apply, taxing structure. It is important to weigh those competing concerns and determine what would ultimately result in the greatest overall benefit to the citizens of the State.

Accordingly, TAM would urge this Committee to vote **OUGHT TO PASS** on LD 235, "An Act To Repeal the Service Provider Tax", so long as there is no significant loss of federal support as a result.

Sincerely,



Benjamin M. Sanborn, Esq.  
Telecommunications Association of Maine