

ONE HUNDRED EIGHTH LEGISLATURE

SECOND SESSION

**LEGISLATIVE RESOLUTION 395**

Introduced by Bosn, 25; DeBoer, 10.

PURPOSE: The purpose of this resolution is to propose an interim study to examine the tax and surcharge burden imposed on telecommunications services.

Nebraska has one of the highest rates of taxation on telecommunications consumers in the nation with a rate averaging nearly twenty-five percent for many wireline services. A disproportionate part of this tax burden results from universal service surcharges. While not technically classified as tax, this assessment is a surcharge that ultimately imposes the same financial burden on consumers as a tax. Originally conceived as a tool to help make rural telephone service available and affordable by adding a small charge to all Nebraska telephone customers, Nebraska's universal service surcharge has grown to be among the highest in the nation, and results in increasing the cost for wireline and wireless telephone services in Nebraska.

Broad consensus exists that every Nebraska home and small business should have access to robust broadband infrastructure and service. What is less clear is how to fund the goal of deploying broadband infrastructure most equitably and efficiently to every remaining unserved location in the state.

With approximately five hundred million dollars of promised support now in the pipeline for broadband deployment from the Broadband Bridge Program created under the Nebraska Broadband Bridge Act, the federal Broadband Equity, Access, and Deployment Program, and the federal Universal Service Fund, it is an opportune time to examine and understand the extent to which Nebraska's surcharge for the Nebraska Telecommunications Universal Service Fund, currently the second-highest surcharge in the nation, can be reformed and targeted to avoid placing a disproportionate and unfair burden for any remaining broadband deployment needed in the state on one class of customers, the customers of

telephone service, or whether there are more equitable funding sources available to meet these needs.

This interim study should focus on these and other taxes and surcharges imposed on telecommunications services in Nebraska and determine ways the state can maintain and advance the efficiency and availability of telecommunications services in the state.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED EIGHTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Transportation and Telecommunications Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.