

# State Tax Rankings

## Where Does Your State Stand?

### Taxes and Fees on Monthly Wireless Service, July 2010

Rank	State	State/Local Sales Tax	State-Local Wireless Rate	Federal Rate (USF)	Combined Federal/State/ Local Rate
1	<a href="#">Nebraska</a>	7.00%	18.64%	5.05%	23.69%
2	<a href="#">Washington</a>	9.00%	17.95%	5.05%	23.00%
3	<a href="#">New York</a>	8.25%	17.78%	5.05%	22.83%
4	<a href="#">Florida</a>	7.25%	16.57%	5.05%	21.62%
5	<a href="#">Illinois</a>	9.00%	15.85%	5.05%	20.90%
6	<a href="#">Rhode Island</a>	7.00%	14.62%	5.05%	19.67%
7	<a href="#">Missouri</a>	7.23%	14.23%	5.05%	19.28%
8	<a href="#">Pennsylvania</a>	7.00%	14.08%	5.05%	19.13%
9	<a href="#">Kansas</a>	8.13%	13.34%	5.05%	18.39%
10	<a href="#">Texas</a>	8.25%	12.43%	5.05%	17.48%
11	<a href="#">Maryland</a>	6.00%	12.23%	5.05%	17.28%
12	<a href="#">Utah</a>	6.8%	12.16%	5.05%	17.21%
13	<a href="#">South Dakota</a>	5.96%	12.02%	5.05%	17.07%
14	<a href="#">Arizona</a>	7.2%	11.97%	5.05%	17.02%
15	<a href="#">D.C.</a>	5.75%	11.58%	5.05%	16.63%
16	<a href="#">Tennessee</a>	9.25%	11.58%	5.05%	16.63%
17	<a href="#">Arkansas</a>	8.38%	11.07%	5.05%	16.12%
18	<a href="#">Oklahoma</a>	8.45%	10.74%	5.05%	15.79%
19	<a href="#">North Dakota</a>	6.00%	10.68%	5.05%	15.73%

Rank	State	State/Local Sales Tax	State-Local Wireless Rate	Federal Rate (USF)	Combined Federal/ State/ Local Rate
20	<a href="#">California</a>	9.25%	10.67%	5.05%	15.72%
21	<a href="#">New Mexico</a>	7.60%	10.52%	5.05%	15.57%
22	<a href="#">Kentucky</a>	6.00%	10.42%	5.05%	15.47%
23	<a href="#">Colorado</a>	7.56%	10.40%	5.05%	15.45%
24	<a href="#">Indiana</a>	7.00%	9.84%	5.05%	14.89%
25	<a href="#">South Carolina</a>	7.25%	9.52%	5.05%	14.57%
26	<a href="#">North Carolina</a>	7.75%	9.43%	5.05%	14.48%
27	<a href="#">Minnesota</a>	7.71%	9.38%	5.05%	14.43%
28	<a href="#">Mississippi</a>	7.00%	9.08%	5.05%	14.13%
29	<a href="#">New Jersey</a>	7.00%	8.87%	5.05%	13.92%
30	<a href="#">Georgia</a>	7.50%	8.57%	5.05%	13.62%
31	<a href="#">Vermont</a>	6.50%	8.50%	5.05%	13.55%
32	<a href="#">Wisconsin</a>	5.55%	8.34%	5.05%	13.39%
33	<a href="#">New Hampshire</a>	0.00%	8.18%	5.05%	13.23%
34	<a href="#">Ohio</a>	7.13%	7.95%	5.05%	13.00%
35	<a href="#">Wyoming</a>	5.50%	7.94%	5.05%	12.99%
36	<a href="#">Iowa</a>	6.50%	7.91%	5.05%	12.96%
37	<a href="#">Massachusetts</a>	6.25%	7.81%	5.05%	12.86%
38	<a href="#">Hawaii</a>	4.00%	7.75%	5.05%	12.80%
39	<a href="#">Alabama</a>	7.25%	7.45%	5.05%	12.50%
40	<a href="#">Michigan</a>	6.00%	7.27%	5.05%	12.32%

Rank	State	State/Local Sales Tax	State-Local Wireless Rate	Federal Rate (USF)	Combined Federal/ State/ Local Rate
41	<a href="#">Maine</a>	5.00%	7.16%	5.05%	12.21%
42	<a href="#">Connecticut</a>	6.00%	6.96%	5.05%	12.01%
43	<a href="#">Alaska</a>	2.50%	6.69%	5.05%	11.74%
44	<a href="#">Virginia</a>	5.00%	6.56%	5.05%	11.61%
45	<a href="#">Louisiana</a>	9.00%	6.28%	5.05%	11.33%
46	<a href="#">Delaware</a>	0.00%	6.25%	5.05%	11.30%
47	<a href="#">West Virginia</a>	6.00%	6.23%	5.05%	11.28%
48	<a href="#">Montana</a>	0.00%	6.03%	5.05%	11.08%
49	<a href="#">Idaho</a>	6.00%	2.20%	5.05%	7.25%
50	<a href="#">Nevada</a>	7.91%	2.08%	5.05%	7.13%
51	<a href="#">Oregon</a>	0.00%	1.81%	5.05%	6.86%
<b>U.S. Simple Average</b>		<b>6.38%</b>	9.87%	5.05%	<b>14.92%</b>
<b>U.S. Weighted Average</b>		<b>7.42%</b>	11.21%	5.05%	<b>16.26%</b>

*For flat monthly taxes and fees, average monthly bill is estimated at \$48.16 per month per CTIA – The Wireless Association. Federal USF 7/1/2010 – 37.1 percent FCC “hold harmless” times contribution factor of 13.6 percent = 5.05 percent.*

**Source:** Method from COST, “50-State Study and Report on Telecommunications Taxation,” May 2005. Updated July 2010 by Scott Mackey, KSE Partners, LLP using state statutes and regulations.

## Who Controls an E-911 ‘Fund’ Paid for by Consumers? – State and Local Wireless Fund ‘Raids’

The state and local governments, along with their regulatory commissions, control the E-911 fee costs, but those are typically collected on a consumer’s bill by the wireless provider, and then remitted through

to the states, which then use the funding for E-911 purposes. Most cities and states do use the funds appropriately, in an effort to better provide for the safety of their citizens.

Unfortunately, desperate economic times for some cities, counties and states are calling for desperate measures, and some states dip into those E-911 funds to pay for other things unrelated to improving your wireless service. This ranges from quick-fix patches covering budget shortfalls, to outright diversion of funds to other purposes.

In Pennsylvania: 11.4 million wireless subscribers. The state population is 12.7 million.

Wireless Taxes: 14.8% state/local and 5.05% Federal (USF)

Every year, the FCC reports to Congress on how states collect and distribute the E-911 fees. In 2011, the FCC found that seven (7) states raided millions of dollars in E-911 funds *to support programs other than E-911*. This is in addition to thirteen (13) states in 2010 and twelve (12) states in 2009 that also diverted the funds for non-E-911 purposes, such as closing their general budget gaps.

That's simply not fair to wireless consumers like you who are paying these fees for wireless emergency service, and are told they're being used for maintaining and upgrading vital 9-1-1 services.

## Help from Congress: The 'Wireless Tax Fairness Act'

The good news is there's help on the way. The [U.S. House of Representatives recently passed the bipartisan 'Wireless Tax Fairness Act'](#) (H.R. 1002), and its identical companion bill in the U.S. Senate (S. 543) is in front of the Finance Committee for consideration.

### What the 'Wireless Tax Fairness Act' Does

If passed, the bill would prohibit local and state governments from tacking on any new taxes and fees on a specific communications service, such as wireless, for five years. They could still increase taxes and fees on communications across the board, but they couldn't just single out any one set of consumers, such as wireless users like you. The five year freeze would provide wireless consumers with a much-needed break from even higher taxes and fees, and a window to develop a tax and fee structure that is fair and sensible.

### Support for the Bill

- The 'Wireless Tax Fairness Act' was introduced and championed in the House by Representatives [Zoe Lofgren \(D-CA\)](#) and [Trent Franks \(R-AZ\)](#). They signed on 236 co-sponsors and the bill passed unanimously by voice vote.
- Senators [Ron Wyden \(D-OR\)](#) and [Olympia Snowe \(R-ME\)](#) are leading the charge in the Senate and could use your support by having you [ask your Senators to join them](#) in moving the 'Wireless Tax Fairness Act' through the Senate.
- The majority of [consumers we polled in our annual survey](#) support the five-year freeze and say they think wireless taxes should be equal to, or lower than, the sales tax rate.

### What You Can Do

Tell your Senators that you'd like some relief from unfair wireless taxes and fees. [Ask them to support this pro-consumer, common-sense legislation](#) on your behalf. Their support will impact millions of wireless consumers just like you, your family and your business.

Source: [www.mywireless.org](http://www.mywireless.org)

# Digital Goods

More than ever before American consumers like you are using wireless to go online to buy and download what are called [“digital goods & services”](#). Those include apps, music and ringtones, movies and TV episodes, e-books and video games.

The tax code in this kind of commerce is murky. Right now it’s possible you could be taxed by several different jurisdictions for the same digital purchase. For example, if your phone has one area code, but you buy something with your wireless device when you’re in another one, from a company in yet another part of the country, it’s possible today that you can be taxed by all three jurisdictions!

With state and local governments desperate for new revenue sources, that scenario is quite possible. That’s why it’s important to make sure wireless consumers are treated fairly and that we have a reasonable and sensible tax structure for such purchases.

## Help From Congress: The ‘Digital Goods & Services Tax Fairness Act’

Thankfully, there’s a bill before the U.S. Congress that would prevent digital goods purchases from being subjected to multiple and discriminatory taxes. The bipartisan federal legislation on both sides of the Capitol called the [‘Digital Goods & Services Tax Fairness Act,’](#) would establish a “national framework” or some “rules of the road” for how this growing digital marketplace should be fairly taxed at the state and local levels.

### What the Bill Does

- The legislation being considered would make sure consumers aren’t punished with multiple taxes on digital purchases. It would prevent consumers from being double or even triple-taxed on an mp3, video or on that latest incredible app, as could be the case today.
- The bill reinforces Congress’s important role in making tax policy for commerce that crosses state and international borders. That’s more important than ever with so many people making online purchases with their wireless device.
- It would clearly establish which jurisdiction (the consumer’s home billing address, presumably) has the right to tax digital transactions, and then tell all others...hands off!

### Support for the Bill

- Representatives Lamar Smith (R-TX) and Steve Cohen (D-TN), [H.R. 1860](#), and Senators Ron Wyden (D-OR) and John Thune (R-SD), [S. 971](#), have introduced identical, bipartisan bills, ‘The Digital Goods and Services Tax Fairness Act of 2011’. They’re currently gaining support in the respective Judiciary and Finance Committees.
- These original sponsors are stepping up in common sense and pro-consumer fashion. They’re supporting a bill that would get ahead of a potential tax nightmare for wireless users. The possibility of multiple taxation for the same purchase is very real. As of 2011, [13 states have expanded their sales taxes](#) to specifically include digital goods and services in their tax base, while many more have considered similar proposals.

## What You Can Do

Wirelessly downloading your favorite apps, songs, games, ringtones, show or movie, e-books or GPS navigation system has never been easier. MyWireless.org® is [part of a growing coalition](#) to help make sure that no matter where you are when you hit the “send” button, you understand exactly who’s taxing you for it, and that you are only paying taxes on these goods and services once! ~~[Take action now, and tell your U.S. Senators and Representative to support digital commerce tax fairness for consumers by co-sponsoring and passing S. 971 and H.R. 1860.](#)~~

Source: [www.mywireless.org](http://www.mywireless.org)