



# NATIONAL CONFERENCE *of* STATE LEGISLATURES

*The Forum for America's Ideas*

## **NCSL Resolution on Communications Network Equipment Exemption**

### **Executive Committee Task Force on State and Local Taxation**

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**Whereas**, American consumers increasingly rely on high-speed communications networks in their everyday lives for work, entertainment, emergency communications, and other purposes; and

**Whereas**, communications networks have become an integral part of the business process for millions of American businesses in sectors as diverse as agriculture, health care, manufacturing, retail, transportation, and many others; and

**Whereas**, communications networks, both wired or wireless, have become integral to the delivery of government services and have the potential to allow for more efficient and cost effective delivery of government services; and

**Whereas**, the United States is a technology leader with respect to wired and wireless broadband deployment; and

**Whereas**, this technology leadership has allowed American businesses to lead the way in the global marketplace in areas such as applications development, “cloud-based” services, and the utilization of software in the communications networks; and

**Whereas**, the rapid adoption of new communications technologies by American businesses and consumers requires the investment of tens of billions of dollars to keep pace with the exponential growth in demand for network capacity; and

**Whereas**, state economic growth and competitiveness is dependent upon the deployment of modern, efficient communications networks; and

**Whereas**, a 2013 study by Ernst & Young confirmed what many prior economic studies have concluded – that the taxation of business inputs results in tax pyramiding, economic distortions, and a lack of transparency in the tax system; and

**Whereas**, a study by Dr. Raul Katz at Columbia University found that (1) sales taxes on communications network investment reduce economic growth by increasing the cost of investment and slowing communications network investment, and (2) that the elimination of sales taxes on communications network investment in the states that impose such taxes could increase economic growth by \$33 billion and lead to the creation of 243,000 jobs in 3 years; and

**Whereas**, the National Conference of State Legislatures supports the policy goal of encouraging deployment of high speed communications networks across all States, including rural and underserved areas;

**Be it therefore resolved**, that the National Conference of State Legislatures recommends that states who wish to encourage broadband deployment consider exempting communications network equipment from the sales and use tax.

*Adopted by the NCSL Executive Committee Task Force on State and Local Taxation  
August 2, 2015*