



# New Hampshire State Senate **NEWS RELEASE**

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## **Senate and House working to outlaw taxing Internet access in NH** *Communications Services Tax seriously outdated; DRA and Internet providers need clarity*

CONCORD - In a move that will bring much-needed clarity to a dispute between the state's tax collector and Internet service providers, Senate and House leaders announced today they are working on legislation to clearly prohibit the taxation of Internet access in New Hampshire.

Senate Finance Chairman Chuck Morse, R-Salem, and his House counterpart Rep. Ken Weyler, R-Kingston, stressed legislative action is necessary because the state's Communications Service Tax (CST), in effect since 1991, is seriously outdated. Currently, state law does not define the "Internet" or "Internet access". Moreover, the law was written more than 10 years before the invention of the 3G and 4G networks consumers know today, which allow access to the Internet via smart phones. The fact that technology has far out-paced existing statutory language has led to significant confusion between DRA, service providers, the legislature and consumers.

Morse said, "In an effort to enforce the CST, our Department of Revenue (DRA) has recently begun auditing a number of communications companies for taxes on the data and communication services necessary to provide Internet access, particularly as it relates to smart phones that can access the web. This has put DRA at odds with the telecommunications industry because these companies do not believe CST should be applied to the Internet access they provide."

He added, "We need to bring clarity to this situation. We must define 'Internet' and 'Internet access' in a way that allows for continued evolution of the technology without a communications services tax paid for by New Hampshire consumers. By updating our CST, New Hampshire's definition of Internet access will also be consistent with federal statute."

Weyler echoed Morse's concern over the need for CST to be current and the ramifications for business. "We believe strongly that information technology and telecommunications are bright spots in New Hampshire's economy. Giving both consumers and providers clarity on how these services will be taxed, or not, is important to continued investment which is so critical to economic development and to maintaining our New Hampshire Advantage," he said.

Majority Leaders Sen. Jeb Bradley, R-Wolfeboro and Rep. D.J. Bettencourt, R-Salem, called updating the CST an important policy decision. They agreed to work together to craft the necessary legislation and work for its passage in both bodies. Bradley and Bettencourt maintain that eliminating taxation on the Internet will maximize technological innovation and job growth.

The Finance Committee expects to take up this issue at its next meeting on April 19<sup>th</sup>.

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