

# DEPARTMENT OF TAXATION

## 2022 Fiscal Impact Statement

1. **Patron** David W. Marsden

2. **Bill Number** SB 683

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

3. **Committee** Passed House and Senate

4. **Title** Sales and use tax; Media-related exemptions

**Second House:**

           **In Committee**

           **Substitute**

      X       **Enrolled**

### 5. **Summary/Purpose:**

This bill would expand the sales tax exemption for amplification, transmission, and distribution equipment used to provide Internet services to include network equipment used to provide Internet service, regardless of whether the provider of such service is also a telephone common carrier or whether such network is also used to provide services other than Internet services.

Under current law, amplification, transmission and distribution equipment used or to be used by wired or land based wireless cable television systems is exempt from sales tax.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022.

6. **Budget amendment necessary:** Yes.

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

8. **Fiscal implications:**

#### Administrative Costs

The Department of Taxation considers implementation of this bill to be routine and does not require additional funding.

#### Revenue Impact

This bill would result in an unknown impact to state and local revenues.

9. **Specific agency or political subdivisions affected:**

Department of Taxation

10. **Technical amendment necessary:** No

## 11. Other comments:

### Sales Tax Exemption for Broadcasting Equipment

Currently, a sales and use tax exemption is available for (i) broadcasting equipment and parts and accessories thereto and (ii) towers used or to be used by (a) commercial radio and television companies, (b) wired or land based wireless cable television systems, (c) common carriers or video programmers using an open video system or other video platform provided by telephone common carriers, or (d) concerns which are under the regulation and supervision of the Federal Communications Commission; and (iii) amplification, transmission and distribution equipment used or to be used by (a) wired or land based wireless cable television systems, or (b) open video systems or (c) other video systems provided by telephone common carriers.

### Proposal

This bill would expand the existing broadcasting equipment exemption to include “network equipment” by including that term within the definition of “amplification, transmission, and distribution equipment.” The bill would define “network” broadly to include modems, fiber optic cables, coaxial cables, radio equipment, routing equipment, switching equipment, a cable modem termination system, associated software, transmitters, power equipment, storage devices, servers, multiplexers, and antennas, which network is used to provide Internet service, regardless of whether the provider of such service is also a telephone common carrier or whether such network is also used to provide services other than Internet services.

The bill would amend the definition of “Internet” to include the requirement that such a network employ the TCP/IP protocol to communicate by wire or radio. The bill would also expand the defined term “internet service” to be a service that enables users to access content, information, and other services offered over the internet.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022.

### Similar Legislation

**House Bill 1155** is identical to this bill.

**Senate Bill 101** would extend from 2022 to 2025 the expiration of the retail sales and use tax exemption for printing purchased by an advertising business from a printer in the Commonwealth, so long as such material is distributed outside of the Commonwealth.

cc: Secretary of Finance

Date: 3/6/2022 VB  
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