

**Imposition of Universal Service Fund on Prepaid Calling Plans
Point of Sale/Small Seller Exemption/Fixed Rate**

1 **Sec. X.** 30 V.S.A. § 7521 is amended to read:

2 § 7521. CHARGE IMPOSED; WHOLESAL EXEMPTION

3 (a) A universal service charge is imposed on all retail telecommunications
4 service provided to a Vermont address. Where the location of a service and the
5 location receiving the bill differ, the location of the service shall be used to
6 determine whether the charge applies. The charge is imposed on the person
7 purchasing the service, but shall be collected by the telecommunications
8 provider. Each telecommunications service provider shall include in its tariffs
9 filed at the ~~public service board~~ Public Service Board a description of its
10 billing procedures for the universal service fund charge.

11 (b) The universal service charge shall not apply to wholesale transactions
12 between telecommunications service providers where the service is a
13 component part of a service provided to an end user. This exemption includes,
14 ~~but is not limited to,~~ network access charges and interconnection charges paid
15 to a local exchange carrier.

16 (c) In the case of mobile telecommunications service, the universal service
17 charge is imposed when the customer's place of primary use is in Vermont.
18 The terms "customer," "place of primary use," and "mobile
19 telecommunications service" have the meanings given in 4 U.S.C. § 124. All
20 provisions of 32 V.S.A. § 9782 shall apply to the imposition of the universal
21 service charge under this section.

1 (d)(1) Notwithstanding any other provision of law to the contrary,
2 beginning on January 1, 2015, the universal service charge shall be imposed on
3 all retail sales of prepaid wireless telecommunications service subject to the
4 sales and use tax imposed under 32 V.S.A. chapter 233. The charges shall be
5 collected by sellers and remitted to the Commissioner of Taxes in the manner
6 provided under 32 V.S.A. chapter 233. Upon receipt of the charges, the
7 Department of Taxes shall have 30 days to remit the funds to the fiscal agent
8 selected under section 7503 of this chapter. The Commissioner of Taxes shall
9 establish registration and payment procedures applicable to the universal
10 service charge imposed under this subsection consistent with the registration
11 and payment procedures that apply to the sales tax imposed on such services.

12 (2) If a minimal amount of prepaid wireless telecommunications service
13 is sold with a prepaid wireless device for a single, nonitemized price, then the
14 seller may elect not to apply the charge to such transaction.

15 (3) A seller who certifies to the Commissioner of Taxes not later than
16 January 15th of any calendar year that fewer than 500 retail sales of prepaid
17 wireless telecommunications service were completed during the prior calendar
18 year shall not be required to collect and remit the fee imposed by this
19 subsection. If a seller that is not required to collect the fee in a calendar year
20 exceeds the 500 retail sales threshold during that calendar year, such seller
21 shall be required to collect and remit the fee beginning on January 1 of the next
22 calendar year.

23 (4) As used in this subsection:

1 (A) “Minimal amount” means an amount of service denominated as
2 not more than 10 minutes or not more than \$5.00.

3 (B) “Prepaid wireless telecommunications service” means a
4 telecommunications service as defined in subdivision 203(5) of this title that a
5 consumer pays for in advance and that is sold in predetermined units or dollars
6 that decline with use.

7 (C) “Seller” means a person who sells prepaid wireless telecommunications
8 service to a consumer.

9 **Sec. XX.** 30 V.S.A. § 7523 is amended to read:

10 § 7523. ~~RATE ADJUSTED ANNUALLY~~ OF CHARGE

11 ~~(a) Annually, after considering the probable expenditures for programs~~
12 ~~funded pursuant to this chapter, the probable service revenues of the industry~~
13 ~~and seeking recommendations from the department, the public service board~~
14 ~~shall establish a rate of charge to apply during the months beginning on the~~
15 ~~following September 1. However, the rate so established shall not at any time~~
16 ~~exceed two percent of retail telecommunications service. The board’s decision~~
17 ~~shall be entered and announced each year before July 15. However, if the~~
18 ~~general assembly does not enact an authorization amount for E-911 before July~~
19 ~~15, the board may defer decision until 30 days after the E-911 authorization is~~
20 ~~established, and the existing charge rate shall remain in effect until the board~~
21 ~~establishes a new rate. Beginning on July 1, 2014, the annual rate of charge~~
22 shall be two percent of retail telecommunications service.

1 (b) Universal service charges imposed and collected by the fiscal agent
2 under this subchapter shall not be transferred to any other fund or used to
3 support the cost of any activity other than in the manner authorized by section
4 7511 of this title.