

TESTIMONY REGARDING SECTION 11 OF H.954

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On Behalf of AT&T

1. Enacted in 2019, 32 V.S.A. § 9713 requires “marketplace facilitators” to collect and remit Vermont’s sales tax on taxable retail sales to Vermonters by “marketplace sellers” through a “marketplace.”
2. The term “marketplace facilitators” is defined in 32 VSA § 9701(56) to mean a person who contracts with “marketplace sellers” to facilitate, for consideration, the sale of a marketplace seller’s products through a physical or electronic marketplace operated by the person and that person performs any number of actions such as providing payment processing services.
3. AT&T is a “marketplace seller” because it sells prepaid calling plans and phones through Amazon, Best Buy, Target and other marketplace facilitators.
4. While its marketplace facilitators must collect and remit the sales tax due on the sales of AT&T’s prepaid calling plans, the state’s 2.4% Universal Service Fund Fee must also be collected and remitted by retailers who sell prepaid calling plans. *See* 30 V.S.A. § 7521(e). The marketplace facilitators statute, 32 V.S.A. § 9713, does not require marketplace facilitators to collect and remit the USF fee. Instead, their obligation is to collect and remit sales tax proceeds. This results in a bifurcated system that is cumbersome and could potentially result in USF fee revenues not being collected and remitted. Accordingly, 32 V.S.A. § 9713 should be amended to require marketplace facilitators to also collect the USF fee if the underlying transaction is subject to that fee. Section 11 of H.954 does that.
5. As passed by the House section 11 of H.594 is effective upon passage. In order to give marketplace facilitators enough time to modify their electronic systems to provide for the collection and remittance of the USF fee the effective date of section 11 should be delayed to a date in the future.