

State and Local Advisory Council
One-way Paging
April 5, 2010

Background

In the course of reviewing Member States' petitions for recertification in 2009, the Compliance Review and Interpretations Committee identified several issues that came up in more than one state. One of those issues identified by the CRIC was "[d]oes an exemption for one-way paging conflict with the Agreement's definition of paging?" The Agreement defines "paging service" as "a 'telecommunications service' that provides transmission of coded radio signals for the purpose of activating specific pagers; such transmissions may include messages and/or sounds." The Agreement does not contain a definition for "one-way paging."

Governing Board Rule 327.2, Part D provides that with respect to telecommunications, partial exclusion of a definition is prohibited. A member state choosing to tax telecommunication services shall use applicable definitions contained in the Streamlined Sales and Use Tax Agreement and shall not exclude from imposition a part of any definition or any item included in such a definition unless the Streamlined Sales and Use Tax Agreement specifically permits such a variation.

The CRIC's 2009 Compliance Review Report to the Governing Board (CI09056, dated 12/4/09) identified three states (Michigan, North Dakota and Wyoming) that had exemptions for "one-way paging." That issue was not considered by the CRIC in determining a state's compliance with the Agreement, at least in part because there was disagreement on how to apply it. During SLAC discussions Iowa identified itself as also having the issue of using the undefined term one-way paging.

The issue was referred to the State and Local Advisory Council by the Governing Board in September, 2009.

Subsequent discussion, involving representatives of both states and the business community, raised the question of whether such a thing as "one-way paging" currently exists, as most transmissions considered as paging now include some capacity for direct response (such as a text message). Apparently true "one-way" paging (where there is no ability to directly respond to the paging transmission) continues to exist, though perhaps on a very limited basis.

Telecommunications industry representatives expressed the position that Member States must use the Agreement's definition of "paging service" and either tax or exempt all paging services, including one-way paging. The states identified in the CRIC's 2009 Compliance Review Report have expressed their intent to address this matter within their states (administratively or legislatively, as appropriate) so that all paging services in those states (including one-way paging) are either taxed or exempt.

Recommendation

No action by the SLAC or the Governing Board to address "one-way paging" is necessary at this time. States identified in the CRIC's 2009 Compliance Review Report have expressed the intent to address this matter within their states by eliminating use of

the term “one-way paging” (administratively or legislatively, as appropriate) so that all paging services in those states (including one-way paging) are either taxed or exempt.