

ORDINANCE NO. 53

AN ORDINANCE OF THE CITY OF ANGUS, TEXAS, REPEALING THE APPLICATION OF THE EXEMPTION FROM LOCAL SALES AND USE TAXES OF TELECOMMUNICATIONS SERVICES SOLD WITHIN THE CITY; PROVIDING FOR THE FILING OF A COPY OF THE ORDINANCE WITH THE COMPTROLLER OF PUBLIC ACCOUNTS OF THE STATE OF TEXAS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, receipts from the sale within the City of telecommunications services are exempted by state law (V.T.C.S., Art. 1066c 4.B) from local sales and use taxes unless the exemption is repealed by city ordinance; and

WHEREAS, the City Council has determined that such exemption should be repealed so as to tax the receipts from the sale of such telecommunications services within the City;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ANGUS, TEXAS:

SECTION 1:

That the exemption from the taxes imposed under the authority of Article 1066c, Vernon's Revised Civil Statutes of the State of Texas, known as the Local Sales and Use Tax, on the receipts from the sale within the City of telecommunications services be, and the same is hereby repealed. For the purpose of this ordinance "telecommunications services" means the electronic or electrical transmission, conveyance, routing or reception of sounds, signals, data or information utilizing wires, cable, radio waves, microwaves, satellites, fiberoptics, or any other method now in existence or that may be devised, and shall all of such services which, but for the exemption repealed hereby, would be taxable by the City under provisions of Article 1066c. The tax provided for hereunder shall not serve as an offset to, be in lieu of or in any way reduce any amount payable to the City pursuant to any franchise, street use ordinance, statute, or without limitation by the foregoing enumeration, otherwise payable by any provider of telecommunications service; it being the express

intent hereof that all such obligations, impositions and agreements of every kind and nature shall remain in full force and effect without reduction or limitation hereby.

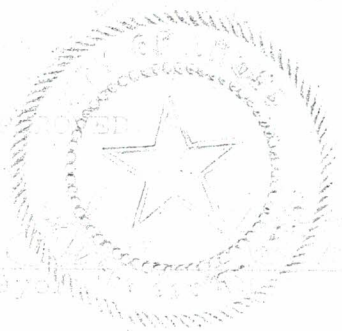
SECTION 2:

That the City Secretary is directed to forward to the Comptroller of Public Accounts of the State of Texas, by certified mail, return receipt requested, a certified copy of this ordinance.

SECTION 3:

That this ordinance shall take effect immediately upon its passage, and that the imposition of the tax shall take effect January 1, 1988.

PASSED AND APPROVED by the City Council of the City of Angus, Texas on the 14 day of July, 1987.



APPROVED:

Tom Keating  
Mayor

ATTEST:

Betty Mc Cain  
City Secretary

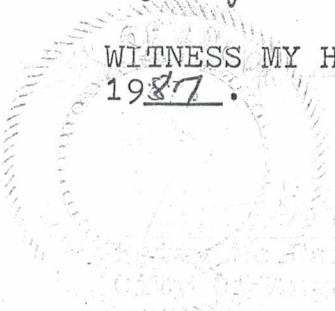
APPROVED AS TO FORM:

Jimmy Moore  
City Attorney

STATE OF TEXAS  
COUNTY OF NAVARRO  
CITY OF ANGUS

I, Betty Mc.Cain, Secretary of the City Of Angus, Navarro County, Texas, hereby certify that the above and foregoing is a true and correct copy of Ordinance No. 53 passed and approved on the 14 day of July, 19 87, at a Angus City Commission Meeting held on the 14 day of July, 19 87.

WITNESS MY HAND AND SEAL OF SAID CITY, this the 14 day of July, 1987.



Betty Mc.Cain  
Betty Mc.Cain, City Secretary  
City Of Angus



BOB BULLOCK  
Comptroller

COMPTROLLER OF PUBLIC ACCOUNTS  
STATE OF TEXAS  
AUSTIN, 78774

July 28, 1987

Ms. Betty McCain  
City Secretary  
City of Angus  
Route 3, Box 3060  
Corsicana, Texas 75110

Dear Ms. McCain:

I received the copy you sent this office of Ordinance No. 53 repealing the exemption from local sales and use taxes for telecommunications services.

As you are aware, there is a provision in the Local Sales and Use Tax Statute which states that one whole calendar quarter shall elapse between the time the Comptroller receives such an ordinance and the date it becomes effective. The repeal is then effective on the first day of the calendar quarter following the elapsed quarter. Your ordinance repealing the local sales and use tax exemption for telecommunications services will, therefore, be effective January 1, 1988.

I am enclosing some information on the sales tax on telecommunications services for your use.

If you have any questions or need more information, please call me at 1-800-252-5555 toll free from anywhere in Texas. The regular number is 512/463-4600. You may write me at the Tax Policy Division.

Sincerely,

Al Van Allen  
Tax Policy Division

AVA/gb

Enclosure

cc: Mr. Jerry Ross  
Southwestern Bell Telephone Company  
One Bell Plaza, Room 2560  
P.O. Box 655521  
Dallas, Texas 75265-5521



STATE OF TEXAS

COMPTROLLER OF PUBLIC ACCOUNTS

STATE SALES AND USE TAX

Rule 3.344. Telecommunications Services. (\$151.008(b), \$151.0103, \$151.0104, \$151.025, \$151.302, \$151.305(b), \$151.323, art. 1066c \$6B(1)(f), art. 1118x \$11B(B)(c)(7), art. 1118y \$16(f)(2)).

(a) Definitions.

- (1) Basic local exchange telephone service - The provision by a telephone company of each access line and each dial tone to a fixed location for sending and receiving telecommunications in the telephone company's local exchange network. Services will be considered to be basic whether the customer has access to a private line or a party line or whether the customer has limited or unlimited access. It does not include interstate or intrastate long-distance telecommunication service.
- (2) Interstate long-distance telecommunication - A service which originates in this state but which is completed outside Texas or originates outside this state but is completed in Texas.
- (3) Intrastate long-distance telecommunication - A service which originates in this state and is completed in this state, but does not include service which originates and is completed in the same local exchange area.
- (4) Seller - Any person selling telecommunications services including a hotel, motel, owner or lessor of an office, residential building or development that contracts and pays for telecommunications services for resale to guests or tenants.
- (5) Taxable service - telecommunications services.
- (6) Telecommunications services - The electronic or electrical transmission, conveyance, routing, or reception of sounds, signals, data, or information utilizing wires, cable, radio waves, microwaves, satellites, fiber optics or any other method now in existence or that may be devised, including but not limited to long-distance telephone service. The storage of data or other information for subsequent retrieval or the processing, or reception and processing, of data or information intended to change its form or content are not included in "telecommunications services."
- (7) Telephone company - A person who owns or operates a telephone line or a telephone network in this state, charges for its use, and is

Effective Date: December 30, 1985

regulated by the public utility commission as a certificated provider of local exchange telephone service.

(b) Services Taxable. Sales tax is due on a charge for the following:

- (1) enhanced services (metro service, extended area service, multiline hunting, PBX trunk, etc.). When a person selects enhanced service over basic local exchange service, the total charge becomes subject to sales tax;
- (2) auxiliary services (call waiting, call forwarding, etc.);
- (3) intrastate long-distance telecommunications services;
- (4) paging and mobile telephone services;
- (5) intrastate telegraph services;
- (6) a taxable service paid for by the insertion of coins or tokens into a coin-operated telephone if provided by a person other than a telephone company;
- (7) sale, lease or rental charges for telecommunications equipment; and
- (8) installation of telecommunications services (service connection fee).

(c) Services not taxable. Sales tax is not due on charges for:

- (1) interstate long-distance telecommunications services. Records must clearly distinguish between interstate and intrastate long distance services;
- (2) basic local exchange telephone service provided by a telephone company;
- (3) broadcasts by commercial radio or television stations licensed or regulated by the FCC. See Rule 3.313 concerning Cable Television Service for the tax status of cable television service;
- (4) telecommunications services provided by telephone cooperatives exempted under Rule 3.322 concerning Exempt Organizations;
- (5) telecommunications services purchased for resale;
- (6) a service provided by a telephone company which is paid for by the insertion of coins or tokens into a telephone provided by a telephone company;



(7) interstate telegraph service; and

(8) separately stated charges for installation of tangible personal property.

(d) Charges separately stated. Charges for items listed in subsection (b) of this rule must be separately stated from those charges listed in subsection (c) of this rule.

(e) Resale of tangible personal property. Tangible personal property transferred by the provider of the taxable service to the care, custody and control of the customer will be considered to be resold, and may be purchased tax free by the provider of the taxable service. Sales tax must be collected by the provider of the taxable service from the customer on the charge for such items. See Rule 3.285 concerning Sales for Resale; Resale Certificate.

(f) Resale of a service. Sales tax is not due on the charge by a telephone company to a provider of telecommunications services for providing access to a local exchange network. Sales tax must be collected by the provider of the taxable service from the customer on the total charge for the service including the charge for access.

(g) Taxable purchases. Sales or use tax is due on all tangible personal property used to provide the taxable service but not transferred to the care, custody and control of the customer. See Rule 3.346 concerning Use Tax, Rule 3.281 concerning Records Required; Information Required and Rule 3.282 concerning Auditing Taxpayer Records.

(h) Local tax. City and Metropolitan Transit Authority (MTA) tax on telecommunications services is allocated to the location from which the call originates. If the point of origin cannot be determined, the local tax is allocated to the address to which the call is billed. Local tax cannot be imposed on telecommunications services prior to October 1, 1987. See Rule 3.372 concerning Requirements for Adopting or Abolishing City Tax and Rule 3.422 concerning Requirements for Adopting or Abolishing MTA Tax for information on how a city or authority may impose local tax on telecommunications services after October 1, 1987.

Effective Date: December 30, 1985

Filed with Secretary of State: December 13, 1985

**BOB BULLOCK**

Comptroller of Public Accounts