



February 18, 2025

The Honorable Ann Rest
Chair, Senate Taxes Committee
328 Capitol
Saint Paul, MN 55155

Dear Chair Rest and Members of the Senate Taxes Committee:

On behalf of CTIA®, the trade association for the wireless communications industry, I write to express our support of SF 735 which deletes the word “primarily” in the Minnesota sales tax statute’s language providing an exemption for machinery and equipment used to provide telecommunications or pay television services.

Minnesota statute includes a longstanding exemption for machinery and equipment “primarily” used to provide telecommunication or pay television services. Yet in today’s competitive communications marketplace, communications service providers are increasingly using their networks to provide not only telecommunications and pay television services, but also Internet access. The same network equipment is used to provide all these services.

The statutory requirement that equipment be used “primarily” to provide telecommunications services or pay television services is becoming problematic, both because broadband providers offer multiple services over their networks and as consumers increasingly rely on just Internet access. A provider that sells telecommunications services, Internet access and video services as part of a bundled offering might be using the network for telecommunications or pay television services for some customers but not others who are purchasing only Internet access.

For this reason, we support SF 735 which clarifies the existing sales and use tax exemption. This clarification would:

- Encourage continued investment in broadband communications networks, especially with providers and the federal government making historic investments in expanding broadband networks to rural and underserved areas;
- Provide certainty for telecommunications providers and the Department of Revenue;
- Ensure a level playing field in the tax treatment of broadband communications infrastructure investment for all communications providers, promoting competition and consumer choice.

Removing “primarily” in Minnesota’s sales tax statute is vital to address the challenges posed by the evolving communications landscape, encouraging continued investment in broadband networks, providing certainty for providers and the Department of Revenue, and promoting fair competition for the benefit of consumers. Accordingly, CTIA respectfully requests your support of SF 735.

Sincerely,

A handwritten signature in cursive script that reads "Annissa Reed".

Annissa Reed
Director, State and Local Affairs