

Charges on your Phone Bill – Wireless and Landline

City utility tax is currently 7.5%. Tacoma’s tax rate of 7.5% is above the maximum rate set by RCW 35.22. However, cities have the option to ask voters for an increase above the maximum 6% rate. Tacoma asked voters to increase the utility tax

This tax is assessed on the company, not the consumer but is typically shown on the customer’s bill as “Effective City Tax” at 8.1%.

If a company chooses to add it to their customer’s bill the amount they receive is revenue and then is considered taxable. They have to pay tax on the “tax” they collect. It breaks down on a bill for \$100:

Tax on \$100 @ 7.5%	7.50
Tax on \$7.50 @ 7.5%	0.56
Tax on \$.56 @ 7.5%	0.04
Total Effective Tax	\$ 8.10

Enhanced 911 or E911 service enables wireless and landline telephones used to dial 911 to automatically transmit the caller’s geographic position, caller’s name and phone number to emergency responders. Service providers may choose to pass their costs of providing E911 service on to their customers and this charge may be described as an E911 charge on your wireless telephone bill. RCW 82.14B.030 is the authorization for this tax and it is remitted to the State Department of Revenue and distributed to local jurisdictions. RCW 82.14B.030 also sets the maximum rate that a county may impose, which is currently \$.70.

The current combined rate for wireless services is \$.95 (Pierce County .70 and State .25). The current combined rate for landline services is \$1.26 (Pierce County .70 and State .56).

Universal Connectivity Charge (sometimes called the Universal Services Fund): Although this fee is not required by the government, many service providers choose to pass their contribution costs to their customers in the form of a minimal fee. This money goes to a fund to assure telephone service to all households and is mandated that telecommunications carriers pay into this federal program. The FCC sets the percentage on a quarterly basis. Effective October 1, 2012, the UCC charge is 17.4% of state-to-state and international long distance charges as well as any service charges.

State sales tax is currently 10.1%.