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***Opposition Testimony of House Bill 2013***

***Discontinuing The Imposition of Sales Tax on Cable,  
Community Antennae and Television Services***

**Testimony by Brightspeed  
John Idoux, Kansas Governmental Affairs Director  
Before the House Taxation Committee  
January 29, 2025**

Thank you Chairman Smith and members of the Committee. My name is John Idoux, and I am Brightspeed's Director of Governmental Affairs for Kansas. I appreciate this opportunity to express Brightspeed's opposition of House Bill 2013, as it would exasperate the taxation disparity in the communications industry without an amendment to exempt all communications providers from imposing sales tax.

***Brightspeed Introduction***

Brightspeed has provided communications services in Kansas under various names since 1909 and today serves rural Kansans in 119 communities including Junction City, Fort Riley, Gardner, and 111 communities with fewer than 1000 residents. Brightspeed provides voice and internet services in the 119 communities it serves and has announced plans to upgrade over 55,000 rural Kansas locations in 35 communities to its state-of-the-art fiber optics network. Construction is well underway, and nearly 30,000 Kansans can already subscribe to Brightspeed Fiber.

***HB 2013 Overview***

HB 2013 proposes to eliminate the sales tax that is currently imposed on cable services, including cable telephony services. Today, retail communication services in Kansas have local, county and state sales taxes imposed, as traditional voice landline services, wireless voice services and cable services are not included in the utility sales tax exemption.

***HB 2013 Creates Tax Disparity in a Competitive Industry***

Cable operators and communications companies face a dynamic and competitive landscape with numerous companies offering similar or equivalent services using a variety of technologies. Today, cable operators offer cable telephony including wireless services. By eliminating the sales tax obligations for just one classification of providers creates an artificial taxation disparity that would provide cable operators with a competitive cost advantage over other providers. Landline telecom providers and wireless providers impose sales tax on their services (see bill sample below). There is no public policy rationale to exempt only cable operators from imposing sales tax.

To be specific, sales tax is currently imposed on all *retail* telecommunications services with most *wholesale* telecommunications services exempt as these exempted services are business-to-business services (i.e. business inputs) that are ultimately taxed at the retail level and imposed on the ultimate end user customer. K.S.A. 79-3603(b) states that sales tax shall be imposed upon (emphasis added):

***“the gross receipts from intrastate, interstate or international telecommunications services and any ancillary services*** sourced to this state in accordance with K.S.A. 79-3673, and amendments thereto, except that telecommunications service does not include: (1) Any interstate or international 800 or 900 service; (2) any interstate or international private communications service as defined in K.S.A. 79-3673, and amendments thereto; (3) any value-added nonvoice data service; (4) any telecommunication service to a provider of telecommunication services which will be used to render telecommunications services, including carrier access services; or (5) any service or transaction defined in this section among entities classified as members of an affiliated group as provided by section 1504 of the federal internal revenue code of 1986, as in effect on January 1, 2001;”

### ***An Amendment is Needed to Advance HB 2013***

Brightspeed takes no position on whether cable services should be exempt from imposing a sales tax on its customers; however, if the Committee advances HB 2013 an amendment to exempt telecommunications services from sales tax is the only way to ensure competitive neutrality. Specifically, an amendment to eliminate K.S.A. 79-3603(b) in its entirety.

To be clear, Brightspeed is not advocating for the elimination of the sales tax; rather, Brightspeed urges the Committee to treat like competitors the same.

### ***Conclusion***

Brightspeed appreciates the opportunity to offer its position on HB 2013, and thanks the Committee for its consideration.

### ***Sample Kansas Bill – Tax Summary***

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#### **Voice**

CHEROKEE Sales Tax	.54
Federal Excise Tax	.96
Federal Universal Service Fund Surcharge	2.68
KANSAS Sales Tax	2.32
KANSAS State 911 Tax	.90
KANSAS Universal Service Fund Surcharge	2.69
Total Voice	\$10.09

<b>Total Taxes, Fees and Surcharges</b>	<b>\$10.09</b>
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