Analysis of Suggestions for Improvement as part of the FY 2010 County's Line of Business & Schools Program Review Processes Fall 2008

Request By: Public

Suggestion: Increase the Mobile Phone Tax

Response By: Department of Management and Budget

Background: As of January 1, 2007, local taxes on telecommunication services such as land line and wireless or mobile telephone services were replaced with a 5 percent statewide Communication Sales and Use Tax. In addition to the communications services previously taxed, the 5 percent Communication Sales and Use Tax applies to satellite television and radio services, internet calling and long-distance telephone charges. Local E-911 taxes were repealed and replaced with a statewide $0.75 per line fee which is also included in Communications Sales and Use Tax. Telecommunications providers remit the tax to the State for distribution to localities based on the locality's share of total statewide FY 2006 collections of these taxes. Based on analysis by the Virginia Auditor of Public Accounts, Fairfax County's share has been set at 18.93 percent.

Recommendation:

Fairfax County has no authority to raise this tax as telecommunications services are taxed at a uniform statewide rate which is set by the Commonwealth of Virginia.