

SUMMARY FOR TAXES, FEES AND SURCHARGES ON YOUR TELEPHONE BILL

Federal Excise Tax 3%– The Federal (U. S. Government) Excise Tax is a tax imposed directly on the customer by the Federal Government for certain communications services. Congress determines the tax rate and the services to which it applies. The Federal Excise Tax is intended to tax services that allow the customer the ability to communicate with virtually all subscribers of the telecommunications network.

State 5.125%, City & County Taxes - (percentage depends on where you live in NM) The "sales" taxes in New Mexico are technically Gross Receipts Taxes imposed on the retailer's gross revenues and are passed on as allowed by state law. These taxes exist at the state, county, and city level and all are administered by the state and required to follow state rules. The rates for county and city sales taxes vary. The only relevant distinction in what is taxable is that the state taxes interstate toll (at a reduced rate), while cities and counties cannot tax interstate product/services.

Federal Access Charge \$6.50 – The Customer Access Line Charge is a charge proposed and authorized by the Federal Communications Commission.

- Access charges are fees charged subscribers or other telephone companies by a local telephone company for the use of its local network.
- The FCC allows local telephone companies to bill customers for a portion of the costs of providing access. **These charges are not a government charge or tax.** The maximum allowable access charges per telephone line are set by the FCC, but local telephone companies are free to charge less or not at all. Access charges for second or additional lines at the same residence are higher than the charges for the primary line. These charges can be described on your telephone bill as "Federal Access Charge," "Customer or Subscriber Line Charge," "Interstate Access Charge," etc.

Federal Universal Service Fund 17.9%: The Federal Universal Service Fund (FUSF) supports the telecommunications needs of consumers living in high-cost areas, low-income households, schools, libraries, and rural healthcare providers. Each telecommunication company may implement the Federal USF differently.

- The Universal Service Fund (USF) provides support to promote access to telecommunications services at reasonable rates for those living in rural and high-cost areas, income-eligible consumers, rural health care facilities, and schools and libraries.
- All telephone companies that provide voice service between states and internationally, including wireless and interconnected Voice over Internet Protocol (VoIP) providers, must contribute a percentage of their revenues derived from these services to the USF. Some states impose similar requirements for revenues derived from intrastate services.
- Although not required to do so, many service providers choose to pass their contribution costs to the USF on to their customers in the form of a line item on customer bills, often called the "Federal Universal Service Fee" or "Universal Connectivity Fee." The charges on bills may not exceed the provider's actual cost of contributing to the USF.

Federal Charge – Service Provider Number Portability - The Local Number Portability Charge, which became effective February 10, 1999, is designed to help cover the costs of facilities upgrades necessary to allow customers to retain their telephone number(s), at the same location, when they change from one local service provider to another. The Telecommunications Act of 1996 requires that each local exchange carrier provide number portability in accordance with the requirements prescribed by the Federal Communications Commission. This fee has or will be removed; this is not a permanent charge on your bill.

Telecommunications Relay Service Surcharge .33%: This surcharge funds a statewide program to provide telecommunication services to residents who have communications disabilities, i.e., hearing or speech. Funds are remitted to the State Commission and used to establish and administer a statewide Telephone Dual Relay System that will permit full and simultaneous communication between communications disabled persons and persons with conventional telephone equipment. This surcharge is mandated by state legislatures to make telephone service as accessible to communications disabled persons as it is for persons without such disabilities. Since it is governed by the state legislature it applies to all customers physically located in the state.

State 911 or Emergency Network Surcharge \$0.51 per access line – Telecommunication carriers collect 911 surcharges each month for states, counties and/or cities that use this money to fund their emergency services communications systems (E911 or 911). The surcharge is imposed upon each access line within a jurisdiction's 911-service area. New Mexico imposes two 911 charges: one is called the Emergency Services Surcharge and the other is called the Network and Database Surcharge. These are combined on the customer bill.

New Mexico Universal Service Charge 3.3% – This charge recovers the amount the telecommunication carrier contributes to the New Mexico Universal Service Fund. This fund helps keep basic exchange rate affordable. Many service providers choose to pass their contribution costs to the NMUSF on to their customers in the form of a line item on customer bills, often called the “New Mexico Universal Service Fee”. The charges on bills may not exceed the provider’s actual cost of contributing to the NMUSF

New Mexico Access Charge \$1.59 per access line – This charge allowed by the NMPRC, covers part of the cost for providing access to and maintenance of the local network.

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