



**Written Testimony of Patrick Fucik on behalf T-Mobile Before the
Kansas House Committee on Taxation in Support of HB 2499
February 2, 2022**

Chairman Smith and members of the House Committee on Taxation, please consider the following written testimony in support of HB 2499 which would provide for a refund of sales and compensating use taxes paid on sales of property used in video, internet access and telecommunications services.

AT&T is leading the effort on HB 2499 and has worked with the wireless industry, cable and the Dept. of Revenue (DOR) on the language to get input from all these stakeholders. T-Mobile supports the concept of the sales tax exemption for equipment especially as we are investing heavily in our network since the T-Mobile / Sprint merger was finalized almost two years ago.

The new T-Mobile committed to investing \$40B into our network over the first three years after the merger and I can tell you that investment is taking place here in Kansas and across the country. This is evidenced by the fact that our 5G network now covers 310 million people and our fastest 5G coverage – Ultra Capacity – covers 210 people in the nation. Every week, over 1,000 sites are being upgraded from 4G to 5G or new sites are being deployed. The combination of our high-band millimeter wave spectrum (30 GHz – 300 GHz), Ultra Capacity mid-band spectrum (2 – 6 GHz) and our extended range low-band spectrum (600 MHz) places T-Mobile in a unique industry-leading position offering 5G across the nation.

While the enactment of HB 2499 would be very beneficial and provide relief from sales tax on this equipment as we increase our network deployment in Kansas, there are a couple of provisions in the bill that I will comment on that we would prefer took a different approach.

First, HB 2499 is structured as a refundable credit instead of an exemption. The refund, as currently structured, is capped at \$40M, with carriers seeking a pro rata portion thereof based on the relative size of their investment in the State. This incentive translates to roughly \$615M in investment in network buildout for Kansans. A pro rata refundable credit creates work for both DOR personnel and companies seeking their portion of the credit. Further, providing a refund on the State sales tax on certain types of network spending but excluding dollars spent on local sales taxes may be more difficult for DOR to administer. We realize that making this a credit versus refund, removing the cap and including local sales tax refunds would obviously increase the fiscal impact of HB 2499 and that may not be the direction the Committee wishes to pursue.

Overall, T-Mobile supports HB 2499 because providing relief from State sales tax on our equipment deployed in Kansas will have a positive impact and allow us to direct those savings into additional network buildout.

Thank you for your consideration of my testimony.

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