
From: Yvonne Rivera
Sent: Wednesday, February 15, 2012 4:19 PM
To: Barb Stanton; Curt Emick; Ginger Coleman; Rick Roelle; Scott Nassif
Cc: Jennifer Heim
Subject: FW: Dutton Authors Bill to Lower Taxes on Cell Phones

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From: Senator.Dutton@outreach.senate.ca.gov [mailto:Senator.Dutton@outreach.senate.ca.gov]
Sent: Wednesday, February 15, 2012 3:19 PM
Subject: Dutton Authors Bill to Lower Taxes on Cell Phones

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For Immediate Release
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Contact: Larry Venus
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Senator Dutton Introduces Bill to Lower Taxes on Cell Phones

SACRAMENTO — Senator Bob Dutton (Rancho Cucamonga) announced today that he has introduced a

bill that would reduce taxes when consumers purchase bundled cell phone plans.

SB 1086 ensures that when customers are purchasing a discounted cell phone or other device as part of a bundled transaction, sales tax is charged on the purchase price of the cell phone — not the retail value.

Currently, wireless retailers sell phones at a discount when purchased with a service contract. These discounts can be as large as 100 percent, depending on the carrier and the package offered. However, current law requires that retailers charge customers tax on the suggested retail value of the phone — not the purchase price.

Additionally, this standard of charging sales tax on the retail value of an item is a standard that applies only to bundled wireless transactions.

“It is necessary to solve this inconsistency that creates anger and confusion on the part of the taxpayer,” Senator Dutton said. “The tax should be calculated on the sale price of the item, not the retail price. When a consumer purchases an item on sale at a department store, they pay the tax on the reduced price, not higher retail price. SB 1086 offers consistency to the consumer purchasing a bundled package and the retail wireless stores selling the plans.”

Related Soundbites:

- [Dutton on SB1086 #1](#)
- [Dutton on SB1086 #2](#)

Senator Dutton represents the 31st Senate District that includes portions of Riverside and San Bernardino Counties.

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