

*“Issues for Assessors” Panel
The Move Toward Convergence and
Central Valuation for Cable and
Telecom*

**TECHNOLOGY
FUTURES INC.**



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**SCANDAL: New England Patriots
Accused Of Overinflating Vince Wilfork**



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Cable and Telecom Convergence

Arizona “A phone call is a phone call”

– AZ Court of Appeals reversed Tax Court decision and held cable company was a “telecommunications company” subject to **central assessment** by the AZ Department of Revenue because, through its Voice over Internet Protocol (Vo IP) service, company was providing telephone service

to its subscribers (*Cable One, Inc. v. Ariz. Dept. Rev., et al., Ariz. Ct. App. (Div. 1), Dkt. No. 1 CA-TX 12-0006, 06/11/2013.*)

“To Be.... Or Not To Be”

Missouri

– State Tax Commission held that Voice over Internet protocol (VoIP) services provided by a cable company are **not subject to central assessment** because VoIP services do

not constitute a public utility for purposes of taxation under the mandates of Mo. Rev. Stat. §138.420 and other applicable Missouri law. (*Cable One, Inc. v. Baumhoer, Mo. State*

Tax Commission, Dkt. No. 009-02, 08/17/2011

Montana Tax Rate Disparity

- In [December 2013](#), the [Montana Supreme Court](#) upheld how the Montana Revenue Department classified the property of Bresnan Communications. The revenue department combined all of the company's services into a single tax, namely, "telecommunication services" with a 6% rate. Previously, Bresnan's property was classified differently, with some as "telecommunications services" and some as "cable television" with a 3% percent tax rate. The company, therefore, was paying the six percent tax rate on only 10% of their property. The reclassification caused Bresnan's property tax to increase 329%, from \$1.7 to \$7.3 million.
- The company dropped a subsequent ballot initiative after settlement with the Department of Revenue in 2014.

North Carolina Cell Tower Central Valuation

- **North Carolina**
 - Recent enacted legislation (*N.C. Gen. Stat. § 105-335*) changed the way property owned by wireless cellular companies, including their towers, will be appraised and valued. As of January 1, 2015, the Local Government Division will be responsible for valuing this type of business and providing counties with the allocated values. **Cellular companies will report their costs of equipment directly to the Public Service unit in our Property Tax Section.**
 - The appraisals will include towers, cell site housing, fencing, concrete, supplies, construction in progress, and machinery & equipment. County real property appraisers will continue to appraise and value the tower site as well as the buildings that wireless cellular companies are located in.

NC Cell Tower Valuation

- Replacement Cost New will be determined by utilizing Marshall & Swift ranges of Cost Per Foot by Tower Type.
- Depreciation will be determined by year of construction trended by B25 schedule from the NC Cost Index & Depreciation Schedules.
- Shelters / Fencing will be determined by national average by size.

Wireless Companies

- NCDOR will assess the Wireless Companies utilizing the trend schedules for Cellular Equipment per the NC Cost Index & Depreciation Schedules.
- The Income Approach cannot be used. Towers owned or leased by Wireless Companies will be treated the same as Towers owned or leased by Tower Companies.

Other issues

- Valuation of Intangibles
- Differences in Depreciation tables and indexes
- Proper Identification of Obsolescence