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Pennsylvania has a new law, the Marketplace Sales Act, affecting any company selling at least \$10,000 of merchandise to state residents annually through the company website or a third-party platform such as Amazon, eBay or Walmart.

State Revenue Secretary Dan Hassell recently explained the law's impacts on consumers, businesses and the state.

Q: How does it impact consumers?

A: The burden of this [law] isn't on consumers in any way. Instead, it is asking people who sell things to Pennsylvania consumers on the Internet to do one of two things.

Companies that make at least \$10,000 worth of online sales have to register with the Revenue Department for how they will handle sales tax. They have the option of collecting and remitting sales taxes at the point of sale and then making monthly payment transfers to the state. Or they can opt to send annual tax notices to their customers and to the Revenue Department about each item purchased in the state.

Q: If a consumer gets such a notice in the mail, what should he or she do?

A: The notice would come at the end of each year like other tax documents, such as a W-2 employment form. It would list the online purchases and advise consumers of the need to remit a "use tax" to the state. Citizens then would be required to add the tax information on the "use tax" line located on their annual income tax filing, starting in the 2019 reporting year.

Q: People are familiar with the term "sales tax," but not "use tax." Is there a difference?

A: It is exactly the same. It is imposed on the same items and at the same tax rate [6 percent]. But the difference is if the retailer is collecting as they make the sale, it is sales tax. But if that doesn't happen, the consumer still has the responsibility to report it as use tax.

Q: Historically, consumers don't file use taxes on their own. How will your department police this law and track down consumers using the records the companies provide the state?

A: What we are hoping for is that the companies will start to collect the tax. They will see this is a lot of trouble — 'We don't want to bother our customers with this, it will be easier just to remit the tax on their

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behalf.’ In the meantime, staff is studying the experiences of other states that have implemented similar laws to see how they handled the influx of corporate filings about consumers’ purchases.

Q: When does this law take effect?

A: Online businesses had until Feb. 28 to register their preferred reporting standard with Revenue. They have until April 1 to begin collecting the tax if that is what they are doing, or to send these notices.

Q: Can you give an example of how this would impact a company? Large online retailers like Amazon, Walmart or Home Depot already collect and remit sales taxes for online purchases made directly from them in Pennsylvania.

A: I shouldn’t name names; we have to respect taxpayer confidentiality. But Amazon has a sales tax license with Pennsylvania. That is public information. This law extends to people who are in Amazon’s [third-party] marketplace and selling goods through Amazon. It places the burden of making this election for all those marketplace sellers on Amazon as a “marketplace facilitator,” which is the term described in the law. (Since The Morning Call interview, Amazon announced it will collect and remit Pennsylvania sales taxes for third-party sellers.)

Q: Why was this law needed?

A: Decades-old U.S. Supreme Court precedent has said states cannot collect sales taxes from companies that do not have a physical presence — buildings or employees — within their borders. The size of the online retail sales system has grown and grown and grown. It’s now a significant fraction of total retail sales, and that’s having an impact across the whole system. It is a nationwide issue and other states, such as Washington and Colorado, have similar laws. One thing I’d like to make clear is it is our job to collect taxes for the commonwealth. That’s what we do here. But at the same time it’s also extremely important we recognize how important this is for the economy. [And] we represent the companies that have stores in Pennsylvania and employ Pennsylvania citizens and are sending in their sales tax every month. – *Allentown Morning Call*

Oregon’s Legislature recently passed a net neutrality bill by strong bipartisan margins. House Bill 4155 now is awaiting the signature of Gov. Kate Brown, who previously has expressed support for the concept. The bill was filed in response to the Federal Communications Commission’s decision to repeal Obama-era regulations that aimed to guarantee equal access to the internet.

Underlying this is the recognition that the internet has become a necessity more than a frill for many, if not most, Americans. Students need it to do homework; business people need it to conduct business; physicians need it to communicate with patients, and vice versa; some government agencies require that various documents be filed online.

The internet doesn’t just connect people with friends and families, it enables Oregon businesses to buy and sell goods and services all over the world, offers entertainment at the touch of the finger, is integral to public-safety operations, and gives Oregonians living miles from the nearest town a link to just about any information or product they need.

Net neutrality requires that internet service providers treat all websites, apps and other services on their networks equally. They are not allowed to favor those with money and power by providing slower service to those without. It also bars ISPs from blocking opinions or facts that the provider disagrees with or finds controversial, as has happened in the past. Opponents of net neutrality argue that net neutrality will stifle innovation. But some of the greatest innovators in the world are American tech entrepreneurs, the vast majority whom are lined up solidly in favor of net neutrality.

Whether the bill will accomplish its goal of providing equal access to all once it becomes law is still very much a question mark. The bill would bar government agencies and offices from contracting with any broadband internet service provider that doesn’t observe the principles of net neutrality.

This may be problematic for a couple of reasons. No. 1, Oregon is a tiny market, so it’s quite possible that ISPs simply won’t care. Second, the state government could be in the uncomfortable position of finding itself without internet service if the IPSs decide to thumb their noses at Oregon.

Oregon’s best bet might be to join forces with other states that support net neutrality - starting with its West Coast neighbors - to gain more clout. Washington, for example, is home to dozens of tech companies, including Amazon and Microsoft . On Tuesday it became the first state to pass a net neutrality law, barring ISPs from blocking content or interfering with online traffic. Almost 30 other states also are in the process of taking action through state legislatures, law suits or executive orders. And there is a growing pressure for Congress to use the Congressional Review Act to overrule the FCC’s

decision. Oregon needs to join forces with other states to present a united front on this; the stakes are too high to do otherwise. – *Eugene (OR) Register-Guard* editorial



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