Valuation of State Assessed Telecommunications Properties

Property Tax Division of the Utah State Tax Commission

August 31, 2016

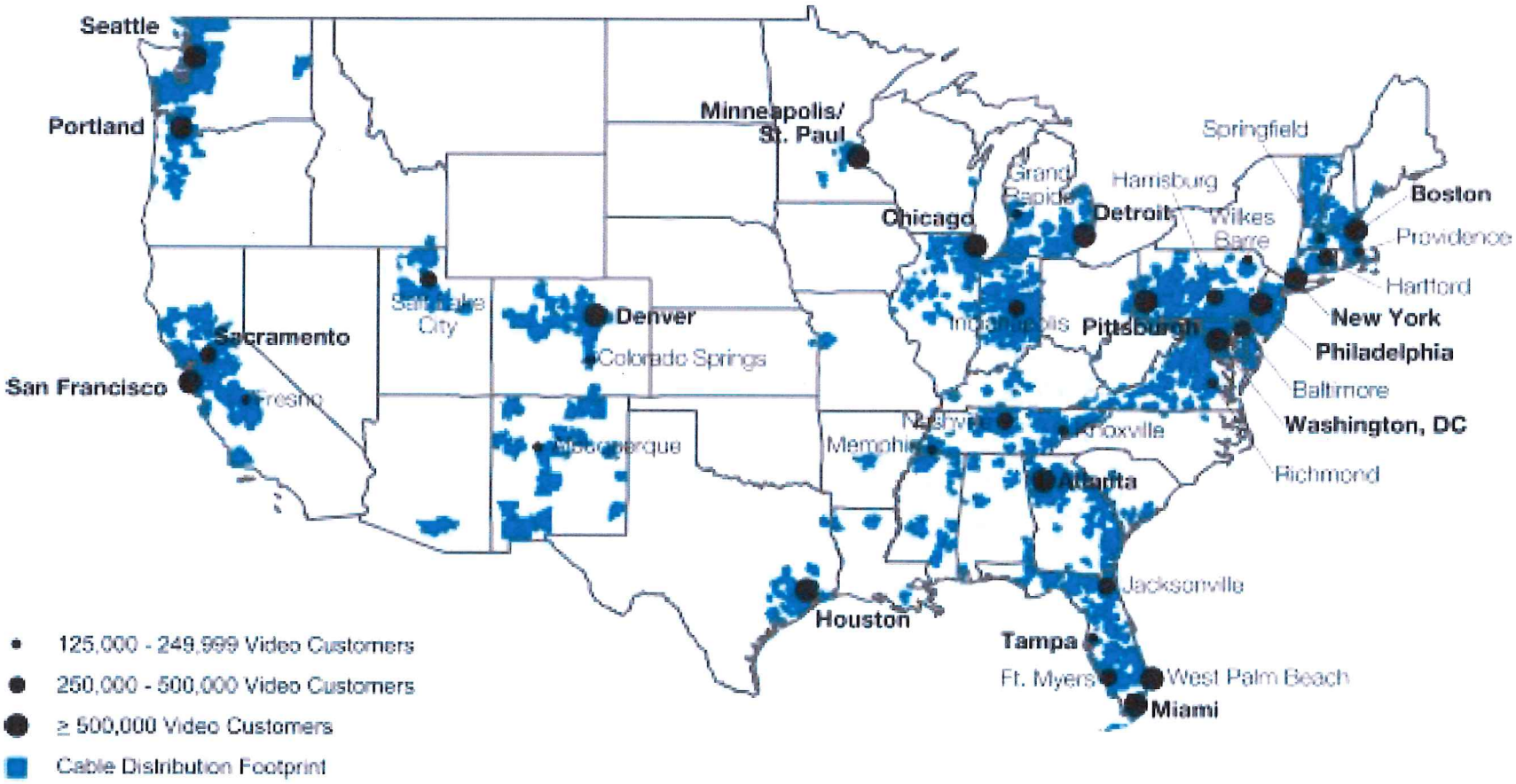
Criteria for State Assessment of Unitary Properties

- All property that operates as a unit across county lines, if the values must be apportioned among more than one county or state

- All property of public utilities as defined in Section 59-2-102

Tax Commission Rule R884-24P-62(2)(d)(i)(A)and(B)

Comcast Designated Market Areas



Comcast Corp Form 10-K pg. 3, Year End 2015

Telecommunication Properties Defined

"Telecommunication properties" include the operating property of local exchange carriers, local access providers, long distance carriers, cellular telephone or personal communication service (PCS) providers and pagers, and ***other similar properties***. (emphasis added)

Tax Commission Rule R884-24P-62(2)(d)(ii)(A)

Telecom Similarities

- The transmission and reception of signals, such as electrical or optical, by wire, fiber or electromagnetic means. (Newton's Telecom Dictionary pg. 832)
- Services that provide the means to send data from one computer or computer-like device to another across a transmission network. (Comcast Corp. v. Dept. of Rev., 337 P.3d 768, 786-87 (Oregon 2014))
- Two-way transmission of signs, signals, writing, images, sounds, messages, data, or other information of any nature by wire, radio, lightwaves, or other electromagnetic means offered to the public generally. (Utah Code 54-8b-2(16))

Two-Way Communication

Excerpt from Comcast Corp Form 10-K pg. 5, Year End 2015

Technology

Our cable distribution system uses a hybrid fiber-optic and coaxial cable network that we believe is sufficiently flexible and scalable to support our future technology requirements. This network provides the ***two-way transmissions*** *that are essential to providing interactive video services, such as On Demand, and high-speed Internet and voice services. We are also leveraging our network to develop and deliver innovative services to our customers efficiently and in an accelerated fashion.* (emphasis added)

Similar Services

AT&T—State Assessed

DIRECTV + Internet + Digital Home Phone

$89.99/mo.

Plus taxes. 24 mo TV. 12 mo Internet agmt & combined billing req'd. Incl Unlimited data allowance ($30 value) at no add'l charge.†

Plus get up to $450 in reward cards with online orders

- DIRECTV® SELECT™ Package
- Up to 6Mbps Internet speed with unlimited data (a $30/mo. value)
- Digital Home Phone

Comcast—County Assessed

Starter Triple Play

$99.00 per month for 12 mo.
With 2-year agreement

Add to cart

Pricing & Other Info.

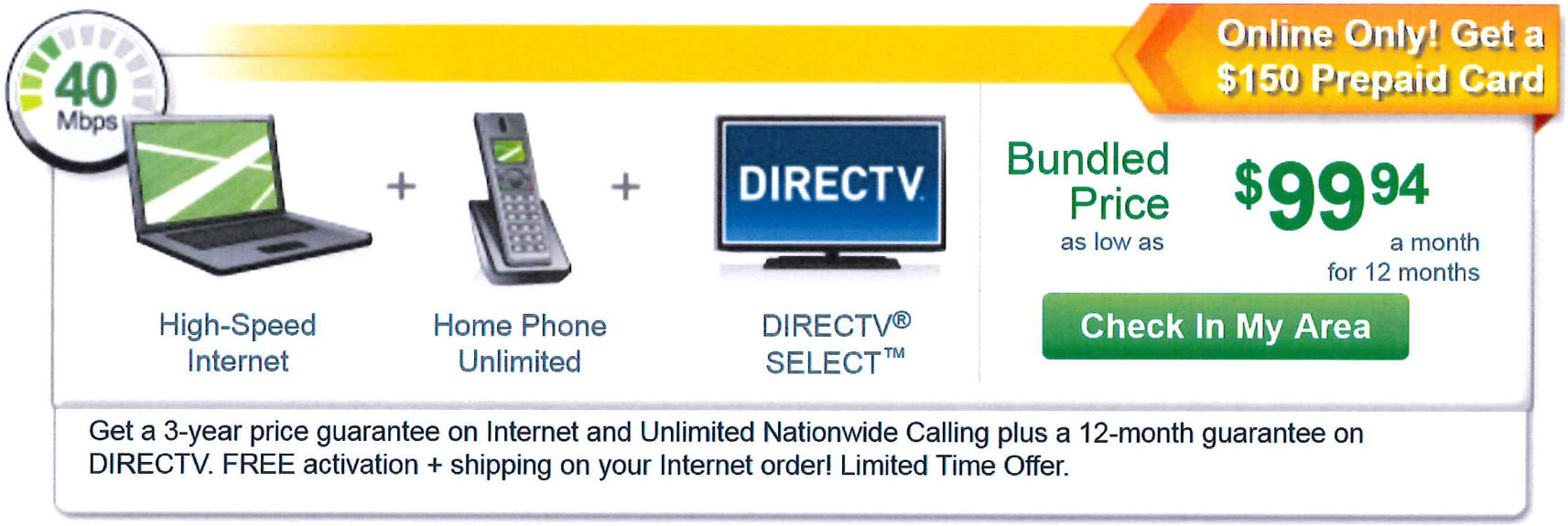
INTERNET	TV	VOICE
Up to 75 Mbps	140 Channels	US & Int'l Calling

What is X1?

- Interactive features like smart search
- Enjoy on 4-6 devices online at the same time
- Speeds to stream & download HD content

Similar Services

CenturyLink—State Assessed



Similar Technology
(Digital Networks)

- "…in digital systems, all data is a collection of "bits"—that is, zeros and ones—regardless of whether it is video, voice, or some other original content. The only significant difference is in how the bits are coded for efficient transmission." (Comcast Corp. v. Dept. of Rev. 337 P. 3d at 789.)

- "…a bit is a bit is a bit. It didn't matter if it was a voice bit, a data bit, a movie bit, a music bit, a fact bit: all bits could flow over the digital networks and use digital technology." (Id.)

Change in Comcast Service Mix Since 2008

- December 31, 2007 (YE 2007 10-K pg. 1):
  - -Cable Customers: 24.1 Million
  - -Internet Customers: 13.2 Million
  - - Voice (phone) Customers: 4.6 Million

- As of December 31, 2015 (YE 2015 10-K pg. 2):
  - -Cable Customers: 22.3 Million
  - -Internet Customers: 23.3 Million
  - - Voice (phone) Customers: 11.5 Million

Comcast Corp v. Dept. of Revenue
337 P.3d 768 (Oregon 2014)

- Oregon Supreme Court finds Comcast subject to central assessment in Oregon.
- Different statutes and definitions than in Utah, but essentially Comcast found to be similar to other centrally assessed "communication" and "data transmission companies" for both its internet and cable television services.
- "a bit is a bit is a bit." *Id*. at 789