



COLORADO
Department of Revenue
Taxation Division

Office of Tax Policy
P.O. Box 17087
Denver, CO 80217-0087

DOR_TaxPolicy@state.co.us

PLR 25-003

June 24, 2025

XXXXXXXXXX
XXXXXXXXXX
XXXXXXXXXX
XXXXXXXXXX

Via Electronic Mail: XXXXXXXXXX

Re: Application of Prepaid Wireless Charges

Dear XXXXXXXXXX:

You submitted a request for a private letter ruling on behalf of XXXXXXXXXX ("Company"), to the Colorado Department of Revenue ("Department") pursuant to 1 CCR 201-1, Rule 24-35-103.5. This letter is the Department's private letter ruling. This ruling is binding on the Department to the extent set forth in 1 CCR 201-1, Rule 24-35-103.5. It cannot be relied upon by any taxpayer other than the taxpayer to whom the ruling is made.

Issue

Whether unlimited voice minutes in Company's prepaid wireless service plans are "prepaid wireless telecommunications service" as defined by section 29-11-101(21), C.R.S.,¹ for which the prepaid wireless 911, 988, and telecommunications relay service ("TRS") or telephone disability access charges (collectively, "prepaid wireless charges") must be collected pursuant to sections 29-11-102.5, 40-17.5-104, and 29-11-102.7 or 40-17-104, C.R.S., respectively.²

Conclusion

The unlimited voice minutes in Company's prepaid wireless service plans do not meet the definition of "prepaid wireless telecommunications service" in section 29-11-101(21), C.R.S.,³ and are not subject to the prepaid wireless charges.

Background⁴

Company is registered as a wireless carrier with the Colorado Public Utilities Commission. Company will resell the wireless voice, text, and mobile data services of a national facilities-based carrier. Customers can either bring their own phone and receive a SIM card or purchase a phone from Company. At this time,

¹ Pursuant to Senate Bill 25-031, section 40-17.5-101(9.5), C.R.S., will also be effective August 6, 2025.

² Pursuant to House Bill 25-1154, the prepaid wireless TRS charge in section 29-11-102.7, C.R.S., will be replaced on January 1, 2026, with the prepaid telephone disability access charge in the repealed and reenacted section 40-17-104, C.R.S.

³ Section 40-17.5-101(9.5), C.R.S., will also be effective August 6, 2025.

⁴ Paragraph (4)(b)(ii) of 1 CCR 201-1, Rule 24-35-103.5 requires the request for a private letter ruling to include a statement of facts. This section generally recites the statement of facts provided in the initial request or in any supplement or amendment thereto, which is not an indication that the Department found such facts relevant to its analysis. Some relevant facts may be redacted or omitted to ensure confidentiality as required by section 24-35-103.5(5), C.R.S. The terms used in this section to describe the factual background are generally those of the requester.

Company intends to offer residential customers monthly prepaid wireless service plans that will include unlimited voice minutes, unlimited text messages, and different amounts of data.

Company will offer its services on a prepaid basis, meaning that service is paid for in advance for each month that the customer wishes to receive service. Customers will have the option of providing Company with a payment method to be used for advance payments. Any amounts paid will be for services to be provided after receipt of payment, and not for services that were previously provided. Customers will have the ability to cancel automatic payments at any time by accessing their account online or by calling customer service. However, customers will receive service through the end of any service period for which they have already paid in advance.

As noted above, every prepaid wireless service plan that Company will offer includes unlimited voice minutes. As such, the number of units available, which in Company's case is minutes, does not decrement over the service period. The customer may use an unlimited number of voice minutes without being concerned about using up a certain number of units, minutes, or dollar amount associated with the use of minutes.

Discussion

Colorado imposes charges on prepaid wireless telecommunications service for the 911, 988, and TRS or telephone disability access programs.⁵ A seller of prepaid wireless telecommunications service must collect the prepaid wireless charges from the consumer on each retail transaction occurring in the state⁶ and remit the charges to the Department.⁷

For the purpose of the prepaid wireless charges, "retail transaction" means the purchase of prepaid wireless telecommunications service from a seller for any purpose other than resale.⁸ "Prepaid wireless telecommunications service" means wireless telecommunications access that allows the user to make 911 calls, is paid for in advance, and is sold in predetermined units or dollars, of which the number of units or dollars available to the caller declines with use in a known amount.⁹

Under Company's prepaid wireless service plans, the consumer will have access to an unlimited number of voice minutes. The number of units or dollars available to the caller, in this case voice minutes, will not decrement or decline with use in a known amount over the course of the service period. As a result, the unlimited voice minutes in Company's prepaid wireless service plans do not meet the definition of "prepaid wireless telecommunications service" in section 29-11-101(21), C.R.S.¹⁰ Therefore, the unlimited voice minutes in Company's prepaid wireless service plans are not subject to the prepaid wireless charges.

Miscellaneous

This ruling is premised on the assumption that Company has completely and accurately disclosed all material facts, that all representations are true and complete, and that Company has otherwise complied with the requirements of section 24-35-103.5, C.R.S., and the rules promulgated pursuant thereto. The Department reserves the right, among others, to independently evaluate Company's facts, representations, and assumptions. The ruling is null and void if any such fact, representation, or assumption is incorrect and has a material bearing on the conclusions reached in this ruling. This ruling is binding on the Department,

⁵ Sections 29-11-102.5(2)(a); 27-64-103(4)(b); 29-11-102.7(2)(a), until December 31, 2025; and 26-21-103.5(1)(a)(III), C.R.S., beginning January 1, 2026.

⁶ Sections 29-11-102.5(2)(d)(I)(A); 40-17.5-104(1)(a); 29-11-102.7(2)(b)(I), until December 31, 2025; and 40-17-104(1)(a), C.R.S., beginning January 1, 2026.

⁷ Sections 29-11-102.5(3)(a); 40-17.5-104(2)(a); 29-11-102.7(3)(a), until December 31, 2025; and 40-17-104(2)(a), C.R.S., beginning January 1, 2026.

⁸ Sections 29-11-102.5(1)(e); 40-17.5-101(10); 29-11-102.7(1)(e), until December 31, 2025; 40-17-101(6), C.R.S., beginning January 1, 2026.

⁹ Sections 29-11-101(21) and, effective August 6, 2025, 40-17.5-101(9.5), C.R.S.

¹⁰ Section 40-17.5-101(9.5), C.R.S., will also be effective August 6, 2025.

and is subject to modification or revocation, in accordance with 1 CCR 201-1, Rule 24-35-103.5.

The Department administers the charges for prepaid wireless telecommunications service. This letter does not address the corresponding surcharges for other telecommunications service administered by the Public Utilities Commission (PUC) and local 911 governing bodies.¹¹ You may wish to consult with the PUC and local 911 governing bodies about the applicability of the surcharges for other telecommunications service. See the contact information available at PUC.Colorado.gov/Telecommunications.

Thank you for your request.

Sincerely,

Office of Tax Policy
Colorado Department of Revenue

This ruling cannot be relied upon by any other taxpayer other than the taxpayer to whom the ruling is made.

¹¹ Sections 29-11-102, 29-11-102.3, 29-11-103, 40-17.5-102, 40-17.5-103, 40-17-102, and 40-17-103, C.R.S. House Bill 25-1154 repealed and reenacted sections 40-17-102 and 40-17-103, C.R.S., effective May 22, 2025.