

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 582** HLS 17RS 477
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: REVENUE	Analyst: Benjamin Vincent
Subject: Telecommunications Tax for the Deaf: Rate/Base	

TAX OR +\$16,200,000 SD RV See Note Page 1 of 1
 Provides relative to the telecommunications tax for the deaf

Current law imposes a \$0.05 monthly tax per line on residential and business telephone access lines, which is deposited into the Telecommunications for the Deaf Fund to provide accessibility services and technology for persons who are deaf, hard of hearing, or speech-impaired. Companies collecting and remitting the tax are allowed to retain 2% of the amount collected and remitted if the payment is made timely.

Proposed law reduces the rate imposed from \$0.05 to \$0.04 per line, and imposes the levy on wireless and prepaid wireless services. It directs the levy to be applied per line for each access line or telephone number for wireless devices. It also increases the allowable timely remittance compensation from 2% to 3% for non-prepaid services.

Effective August 1, 2017.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$14,900,000	\$16,200,000	\$16,200,000	\$16,200,000	\$16,200,000	\$79,700,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$14,900,000	\$16,200,000	\$16,200,000	\$16,200,000	\$16,200,000	\$79,700,000

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Proposed law would extend the tax on residential and business telephone landlines to wireless telephone service, and reduce the rate from \$0.05 to \$0.04 per month per line. It would also impose a 4% charge on the retail sale of prepaid wireless service.

LA Dept. of Revenue reports that current phone number data indicates 10.4 million telephone numbers in service in Louisiana. Applying the \$0.04 monthly rate to these transactions implies collections of \$5.0 million. Comparing this estimate, less 3% of collections for timely remittance, to the most recent landline collections figure of \$700,000, implies a revenue gain of \$4.2 million due to the provisions charging wireless services and reducing the rate to 4% for a full year.

Proposed law also imposes a 4% charge on purchases of prepaid wireless services. In FY16, collections from the 2% 911 Prepaid Wireless Charge (as provided by current law) implies a taxable base of \$305.9 million. Adjusting for sellers retaining 2% of charges collected, this implies a revenue gain of \$12.0 million due to the prepaid wireless charge provision for a full year due to proposed law.

In FY18, the impact of proposed law will be a \$14.9 million gain to statutory dedications, as it is effective August 1, 2017. In FY19-FY22, the projected net revenue impact is \$16.2 million.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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