

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 582** HLS 17RS 477
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **W/ SEN FLOOR AMD**
 Proposed Amd.:
 Sub. Bill For.:

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

TAX REF +\$4,700,000 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% for timely remittance.

Proposed law would reduce the rate imposed from \$0.05 to \$0.045 per access line or telephone number, and impose the levy on wireless services. It would increase the allowable timely remittance compensation from 2% to 3% for non-prepaid services. Additionally, proposed law would allow captioning and American Sign Language services utilized at the Louisiana Legislature to be provided using monies from the Telecommunications for the Deaf Fund.

Effective October 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	\$3,500,000	\$4,700,000	\$4,700,000	\$4,700,000	\$4,700,000	\$22,300,000
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	\$3,500,000	\$4,700,000	\$4,700,000	\$4,700,000	\$4,700,000	\$22,300,000

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 \$0.045 per month per line. It would not impose a 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 \$0.045 monthly rate to these transactions implies collections of \$5.6 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 \$4.7 million due to the provisions charging wireless services and reducing the rate to \$0.045 for a full year.

In FY18, the impact of proposed law will be a \$3.5 million gain to statutory dedications (the Telecommunications for the Deaf Fund), as it is effective October 1, 2017. In FY19-FY22, the projected net revenue impact is \$4.7 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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