LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 247** HLS 13RS 826
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.: **w/ PROP HSE COMM AMD**
Sub. Bill For.:

Date: April 10, 2013 10:28 AM
Author: POPE
Dept./Agy.: Public Service Commission/Revenue
Subject: Lowers tax to 2 cents and expands base to wireless
Analyst: Deborah Vivien

TAX/USER FEES OR +$1,000,000 SD RV See Note

Provides relative to the telecommunication tax for the deaf

Current law imposes a 5 cent monthly tax on each residential and business local line and cable phones operating in Louisiana. Remittances are deposited into the Telecommunications for the Deaf Fund for uses related to accessibility and technology for the deaf, hard of hearing, or speech impaired. Telecommunication companies remitting the tax are allowed to retain up to 2% of the amount of timely collections as a vendor compensation.

Proposed law, with proposed House Committee amendments, lowers the tax to 2 cents per month and changes the base of the levy to include long distance, pager and wireless telecommunications lines. The Telecommunications for the Deaf Fund will continue to receive all remittances and eligible uses of the fund remain the same. The amount telecommunication companies are allowed to retain as vendor compensation is changed to 3 percent of timely remittances.
Effective January 1, 2014

EXPENDITURES	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**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	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	SEE BELOW	$1,000,000	$1,000,000	$1,000,000	$1,000,000	**$4,000,000**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total		**$1,000,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**	**$4,000,000**

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Currently, a tax of 5 cents per month (60 cents per year) is levied on land and cable phone lines with collections deposited into the Telecommunications for the Deaf Fund. This bill would lower that tax to 2 cents per month (24 cents per year). The bill also expands the base to include mobile and internet phone lines, excluding data only mobile devices and prepaid wireless. The resulting collections will roughly double on an annual basis.

Using the latest available figures from the Federal Communications Commission and corroborated against actual collections, there are about 1.5 million phone lines for which the fee is currently remitted generating about $900,000 per year. Telecommunication companies are allowed to retain up to 2% of timely remittances, which is about $18,000 annually, if all payments qualify.

The base expansion is estimated to add an additional 6.5 million lines to the 1.5 million anticipated under current law in FY 15, assuming that internet phones are included. If each line is levied 2 cents per month, estimated annual collections would be about $1.92 million per year (8 million * $0.24), which is an increase of roughly $1 million per year over current collections. Of this amount, telecommunication companies would be allowed to retain up to 3% or $57,600, compared to $18,000 currently.

The first year of implementation, FY 14, includes only 6 months of collections due to a January 1, 2014 effective date, which results in essentially the same collections as currently anticipated, though levied over a larger base.

Senate | Dual Referral Rules | House

☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}
☐ 6.8(F) >= $500,000 Annual Fiscal Cost {S}
☒ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}
☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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