

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 238** HLS 13RS 822  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action: **w/ SEN COMM AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 31, 2013 9:41 AM	<b>Author:</b> WILLIAMS, P
<b>Dept./Agy.:</b> Public Service Commission/Revenue	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Lowers tax to 2 cents and expands base to wireless	

TAX RE1 +\$500,000 SD RV See Note Page 1 of 1  
 Provides relative to the telecommunications 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. Collections 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 remittances as a vendor compensation.

Proposed law lowers the tax to 1.5 cents per month and expands the base of the levy to include land 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.

Effective January 1, 2014

<b>EXPENDITURES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	SEE BELOW	\$500,000	\$500,000	\$500,000	\$500,000	<b>\$2,000,000</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>		<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$2,000,000</b>

**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. The proceeds of the levy have continually declined over the last few years as the number of land lines has fallen. Collections in FY 08 were \$1,311,567 and have steadily declined to \$910,107 in FY 12. This bill would lower the tax to 1.5 cents per month (18 cents per year) and expand 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.

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 (the first full year of implementation), assuming that internet phones are included. If each line is levied 1.5 cents per month, estimated annual collections would be about \$1.4 million per year (8 million \* \$0.18), which is close to the level of collections in FY 08 and has been the stated goal of the bill, but an increase of roughly \$500,000 per year over current collections from the diminishing landline base.

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.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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