

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0214-02
Bill No.: Perfected SCS for SB 234
Subject: Revenue Dept.; Taxation and Revenue - General, Sales and Use; Public Service
Commission; Utilities; Telecommunications
Type: Original
Date: March 8, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	\$0	\$0
School District Trust	\$0	\$0	\$0
Conservation	\$0	\$0	\$0
Parks and Soil	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** state this legislation would not have an administrative impact on its agency.

DOR is unable to estimate the revenue impact of this legislation. If in fact the language only codifies the way telecommunication sales tax is collected now, then there would be minimal impact to revenue. However, the Department is unable to determine this at this time.

In a similar proposal, officials from the **Office of Administration - Budget and Planning (BAP)** state this proposal would expand the state sales tax exemption for certain types of telecommunication services. BAP has not been able to find any empirical basis to estimate the fiscal impact of this proposal. This bill has no fiscal impact on BAP.

Officials from the **Department of Economic Development, Division of Public Service Commission (PSC)** assume this legislation would not fiscally impact their agency. In addition, current federal and state law require telecommunication companies to itemize all regulated and non-regulated services on the customer's bill. Therefore, PSC assumes this bill would have a zero to minimal revenue loss impact on total state revenue.

Oversight assumes the revenue loss from this change in sales tax exemption for telecommunications services would be zero.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Loss</u> to State Funds:			
General Revenue Fund	\$0	\$0	\$0
School District Trust Fund	\$0	\$0	\$0
Conservation Sales Tax Fund	\$0	\$0	\$0
Parks and Soil Sales Tax Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON ALL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Loss to Political Subdivisions</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This act extends an existing state sales tax exemption for certain types of telecommunications which are separately stated on a customer's bill to includes such services if they are separately stated on records maintained by the seller in the ordinary course of business.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration
 Budget and Planning
Department of Economic Development
 Public Service Commission



Jeanne Jarrett, CPA
Director
March 8, 2001