

Assembly Committee on Ways and Means

SB 260 6

DATE _____

Moved by _____

M-T

Seconded by _____

Syk

AB _____

SB 260

Clearinghouse Rule _____

AJR _____

SJR _____

A _____

SR _____

Other _____

A/S Amdt _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

- Passage
- Introduction
- Adoption
- Rejection

- Indefinite Postponement
- Tabling
- Concurrence
- Nonconcurrence

	Committee Member	Aye	No	Absent	Not voting
1.	Rep. Mickey Lehman, chair	1			
2.	Rep. John Ainsworth, vice-chair	2			
3.	Rep. Suzanne Jeskewitz				
4.	Rep. Frank Lasee	3			
5.	Rep. Samantha Starzyk	4			
6.	Rep. Tom Sykora	5			
7.	Rep. Carol Owens	6			
8.	Rep. Luther Olsen	7			
9.	Rep. Wayne Wood	8			
10.	Rep. Bob Ziegelbauer	9			
11.	Rep. Johnie Morris-Tatum	10			
12.	Rep. Mark Pocan	11			
13.	Rep. Bob Turner	12			
Totals		12	0		

MOTION CARRIED

MOTION FAILED

Nowlan, Andrew

From: Katie Boyce [boyce@broydrick.com]
Sent: Monday, November 19, 2001 3:47 AM
To: Andrew.Nowlan@legis.state.wi.us
Cc: Lois Reed
Subject: SB 260

Andrew -
I would like to formally record my client's interest and support in SB 260, relating to taxation of mobile telecommunications. On behalf of Cingular wireless, I would like to register our support for this AB 260. I was unable to attend the hearing and register support, but I wanted the chairman to know of Cingular's support for this legislation.

Thank you for your help in this matter. Please let me know if you have any questions.

Katie Boyce
255.0566

Fiscal Estimate - 2001 Session

Original Updated Corrected Supplemental

LRB Number 01-3591/2	Introduction Number SB-260
Subject Sales tax imposed on mobile telecommunications services	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriations	
<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs	
Local:	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate	
1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Affected Ch. 20 Appropriations	
Agency/Prepared By DOR/ Blair Kruger (608) 266-1310	Authorized Signature Brian Pahnke (608) 266-2700
Date 10/8/01	

Fiscal Estimate Narratives

DOR 10/9/01

LRB Number	01-3591/2	Introduction Number	SB-260	Estimate Type	Original
Subject					
Sales tax imposed on mobile telecommunications services					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, mobile telecommunications services that originate or terminate in this state are generally subject to Wisconsin sales tax. Under the bill, if a mobile customer's place of primary use of mobile telecommunications services is in this state, all mobile telecommunications services, regardless of whether the call is placed in Wisconsin, purchased by that customer would be subject to Wisconsin sales tax. The bill would first apply to customer bills issued after August 1, 2002.

Under current law, prepaid telephone services are exempt from sales tax, if tax was paid on the purchase of the prepaid telephone calling card. The bill clarifies current law by creating an exemption from sales tax for telephone services obtained by using a prepaid telephone calling card, if tax was paid on the purchase of the prepaid telephone calling card. This provision would have no fiscal effect.

Since the bill first applies to customer bills issued after August 1, 2002, its fiscal effect would begin in FY03. The bill's fiscal effect is the sales tax that Wisconsin would collect on mobile services purchased by Wisconsin users that neither originate nor terminate in this state. Currently, sales taxes on such services are collected by the out-of-state jurisdiction in which the services are provided. Under federal law, beginning August 1, 2002, out-of-state jurisdictions will no longer be permitted to collect taxes on services provided to Wisconsin users; however, the federal law will allow Wisconsin to tax those services. This bill would impose the tax allowed under federal law.

According to the Cellular Telecommunications Industry Association, revenue for services provided to subscribers of other mobile companies, hereafter called roamer revenue, decreased from 13.3% of total mobile company revenue in 1995 to 7.4% in 2000 nationally. Roamer revenue is expected to continue to decrease as companies such as Verizon, AT&T Wireless and Cingular build national networks and so reduce their reliance on other carriers' networks.

Wisconsin mobile revenues are estimated to be about \$1.3 billion in FY03. Assuming Wisconsin companies' roamer revenue is 6% of their total revenue in FY03, Wisconsin roamer revenue would be about \$78 million (\$1.3 billion x 6%). According to the Wisconsin Department of Tourism, in-state travelers and visitors from out of state each account for 50% of travelers' expenditures in Wisconsin. Assuming the same 50-50 split applies to purchases of mobile services, about \$39 million (\$78 million x 50%) of Wisconsin companies' roaming revenue would be attributable to Wisconsin users roaming in state in FY03.

Assuming Wisconsin users' expenditures for mobile services while out of state are 10% of their expenditures on in-state roaming, Wisconsin users' expenditures for out-of-state mobile services would be about \$3.9 million (\$39 million x 10%). Adjusting the \$3.9 million to account for the August 1, 2002 effective date, the bill would generate about \$200,000 (\$3.9 million x 11/12 x 5%) in sales taxes in FY03. On an annual basis, the bill is expected to produce sales taxes of about \$250,000.

County, baseball park district and football stadium district sales taxes are expected to be 7.064% of state sales taxes in FY03. Thus, these local taxes are estimated to increase by about \$15,000 (\$200,000 x 7.064%) under the bill. On an annual basis, the bill is expected to produce local taxes of about \$20,000.

Administrative costs of the bill would be minimal.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-3591/2		Introduction Number SB-260	
Subject			
Sales tax imposed on mobile telecommunications services			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$250,000	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$250,000	\$	
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$250,000	\$20,000	
Agency/Prepared By		Authorized Signature	
DOR/ Blair Kruger (608) 266-1310		Brian Pahnke (608) 266-2700	
		Date	
		10/8/01	

AB 525/SB 260

Fed Telco Sourcing Act

NO Orig^{or} & Term in WI can
Charge Tax

260 → Can impose tax if
user's prin place of use
is in WI

Calling Cards →

Now → Tax when purchased
↓ exempt when used

Reflects tax exempt &
amend by STEC

Aug 1