

STATE OF WISCONSIN
REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS
2003 ASSEMBLY BILL 61

[Introduced by Representatives Montgomery, Jensen, M. Lehman, Pettis, Van Roy, Weber, Turner, J. Fitzgerald, Vrakas, and Nischke; cosponsored by Senators Leibham, S. Fitzgerald, and Breske.]

General Nature of Proposal

Generally, the bill creates a grant program administered by the Public Service Commission (PSC) to help establish wireless 911 services throughout the state. Under the program, grants will be provided to: (1) companies that provide wireless phone services to the public; and (2) local governments that operate wireless 911 call centers. Generally, under the bill, grant amounts will be equal to the estimated eligible costs that a wireless provider or a local government will incur during the designated reimbursement period.

The bill provides that the grants and the costs of program administration are to be funded by a uniform monthly surcharge on wireless phone customers' bills in the state. The surcharge will be collected by wireless providers and forwarded to the PSC. The PSC must set, by rule, the amount of the surcharge at an amount sufficient for the PSC to administer the program and make the grants provided for in the bill.

Under the bill, the above-described surcharge is exempt from the state sales and use tax.

Legality Involved

There are no questions of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

According to the Legislative Fiscal Bureau, the sales and use tax exemption provided in the bill would have no fiscal effect upon the state since the wireless surcharge does not exist currently and is therefore not subject to taxation under current law. The Legislative Fiscal Bureau further notes, however, that if the proposed surcharge were subject to the sales tax, it is estimated that, based upon the number of wireless phone subscribers in the state, the state would realize additional annual tax revenues of approximately \$150,000 for each \$.10 increment in the surcharge.

Public Policy Involved

The provisions of the bill relating to a tax exemption are good public policy.