

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-3879/1	Introduction Number AB-0371
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Description
 exempting personal property from the tax imposed on telephone companies

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate		5. Types of Local Government Units Affected
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties <input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DOR/ Craig Steinfeldt (608) 266-5705	Authorized Signature Robert Schmidt (608) 266-5773	Date 8/7/2023
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Fiscal Estimate Narratives

DOR 8/7/2023

LRB Number	23-3879/1	Introduction Number	AB-0371	Estimate Type	Original
Description exempting personal property from the tax imposed on telephone companies					

Assumptions Used in Arriving at Fiscal Estimate

Beginning with 2023 assessments, the bill exempts from the tax on a telephone company the company's tangible personal property.

Based on 2022 tax assessments, tangible personal property represented \$2.75 billion (90 percent) of the total \$3.07 billion assessment. Under current law, the department estimates telephone tax revenues of \$38.29 million in FY 2024 and \$35.34 million in FY 2025. Under the bill, telephone tax revenues are estimated at \$-20.85 million in FY 2024, due to estimated taxes made toward 2023 assessments, and \$4.57 million in FY 2025.

The department cannot absorb \$22,700 in one-time administrative costs for computer programming changes.

Because this bill reduces tax revenue, it may impact the state's maintenance of effort requirement under the American Rescue Plan Act. The Department of Administration should review this bill for this specific purpose to provide further clarity on the matter.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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Description exempting personal property from the tax imposed on telephone companies			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): -\$23,488,900 for refunds on 2023 assessments and \$22,700 for administrative costs.			
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, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$-30,767,100	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$-30,767,100	
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$-30,767,100	\$	
Agency/Prepared By		Authorized Signature	Date
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