

SHARED REVENUE AND TAX RELIEF

Reduction in Municipal Video Service Provider Fees and Creating a Municipal Aid Payment

Motion:

Move to require municipalities to reduce the percentage that each municipality assessed on video service providers based on their gross receipts on December 31, 2018, by 0.5%, effective January 1, 2020, and by 1.0%, effective January 1, 2021. Create a state aid payment to be administered by DOR to make payments to municipalities to compensate each municipality for the reduction in fee revenues. Create a sum sufficient GPR appropriation to make the aid payments to municipalities. For aid payments distributed in 2020, specify that each municipality's payment would equal 0.5% of the gross receipts on which the actual fee revenues were received in 2018. Beginning with aid payments distributed in 2021, and each year thereafter, specify that each municipality's payment would equal 1.0% of the gross receipts on which the actual fee revenues were received in 2019. Aid payments distributed in 2022 through 2029 would equal the aid payments distributed in 2021. Specify that aid payments would be made annually for 10 years, with final payments being distributed in 2029. Beginning in 2020, require DOA, upon certification from DOR, to make payments to municipalities on the fourth Monday of July, 2020 (fiscal year 2020-21).

Require municipalities to do the following: (a) report to DOR by August 15, 2019, 2018 actual video service provider fee revenues and the provider's estimated gross receipts on which the fee revenues are based and by August 15, 2020, 2019 actual video service provider fee revenues and the provider's estimated gross receipts on which the fee revenues are based; (b) specifically report to DOR the actual annual revenues received from the video service provider fee each year, beginning in 2021, as part of the municipal financial report filed each year with DOR; and (c) report any other information DOR considers necessary to administer the aid payment in the time and manner determined by DOR. Require DOR to notify each municipality that will receive an aid payment the amount of that payment by October 1 of each year.

Note:

This motion would incorporate the provisions of LRB 0155/P1. Under current law, video service providers must calculate and pay to each municipality in which the provider delivers video service, a fee equal to the percentage of the provider's gross receipts and the monetary support for access facilities for public, educational, or governmental (PEG) channels. The percentage applied to providers' gross receipts is generally equal to the lesser of 5%, or a percentage specified by the municipality.

This motion would reduce the percentage that each municipality assesses on video service providers based on their gross receipts on December 31, 2018, by 0.5%, effective January 1, 2020, and 1.0%, effective January 1, 2021. Reducing these percentages would result in a reduction to the revenues municipalities receive from this fee. This motion would create a state aid payment to compensate municipalities for these revenue reductions, beginning in 2020, the first year of the fee reduction. In order for municipalities to budget for the aid payment that would compensate for the lower fee revenues, the 2020 aid amount would be based on the video service provider's 2018 gross receipts and the 2018 actual video service provider fee revenues, which would be the most recent year for which actual gross receipts and revenues are known.

Municipalities report annual revenues from the video service provider fee to DOR on the "business and occupational license" line of the municipal financial report. This line includes all municipal revenues from licenses and permits for businesses and occupations which must be licensed before operating within a municipality. The municipal financial report published in December, 2018, for revenues received by municipalities in 2017 from businesses and occupational licenses totaled \$65.7 million. The specific amounts of revenues received in 2017 from the video service provider fee cannot be disaggregated from the total \$65.7 million reported. Nonetheless, if the \$65.7 million was entirely attributable to video service provider fee revenues, the upper bound of the lost revenues to municipalities under this motion would be approximately \$6,570,000 in the first year aid that payments are made.

Estimate total payments at \$5,000,000 GPR in 2020-21, and \$10,000,000 GPR in each year thereafter. The fiscal estimate of \$5,000,000 is based on a review of state and national data on video service provider revenues. The estimated cost of the payment would increase to \$10,000,000, beginning in 2021, due to increasing from 0.5% in 2020 to 1.0% in 2021 the percentage applied to the gross receipts on which the actual fee revenues were received. Over the ten year period, \$95,000,000 GPR will be distributed to municipalities in aid payments under this motion.

[Change to Base: \$5,000,000 GPR]

[Change to Bill: \$5,000,000 GPR]