

Assembly Hearing Slip

(please print plainly)

Date: 11-14-01

Bill No. AB525

Or Subject _____

Name Chet Gerlach

Street Address or Route Number 44 E. Mifflin, suite 90

City, State, ZIP Code Madison 53703

E-Mail Address gerlach@sprintmail.com

Organization You Represent Sprint

Speaking in Favor:

Speaking Against:

Registering in Favor:

Registering Against:

Speaking for Information Only, neither for nor against:

Please promptly return this slip to the messenger at the hearing.

Provided by:
Assembly Sergeant at Arms
<http://www.assemblysergeant.com>

Assembly Hearing Slip

(please print plainly)

Date: 11-15-01

Bill No. AB260

Or Subject _____

Name Bob Doud

Street Address or Route Number 513 South

City, State, ZIP Code _____

E-Mail Address _____

Organization You Represent _____

Speaking in Favor:

Speaking Against:

Registering in Favor:

Registering Against:

Speaking for Information Only, neither for nor against:

Please promptly return this slip to the messenger at the hearing.

Provided by:
Assembly Sergeant at Arms
<http://www.assemblysergeant.com>

Assembly Hearing Slip

(please print plainly)

Date: 11/14/01

Bill No. AB525

Or Subject _____

Name Raymond Michael Johnson

Street Address or Route Number 103 W. West Central

City, State, ZIP Code Madison, WI

E-Mail Address _____

Organization You Represent Self (Assembly)

Speaking in Favor:

Speaking Against:

Registering in Favor:

Registering Against:

Speaking for Information Only, neither for nor against:

Please promptly return this slip to the messenger at the hearing.

Provided by:
Assembly Sergeant at Arms
<http://www.assemblysergeant.com>

Assembly Hearing Slip

(please print plainly)

Date: 11-14

Bill No. AB 525

Or
Subject _____

Name Tom Durkin - DCR

Street Address or Route Number _____

City, State, ZIP Code _____

E-Mail Address _____

Organization You Represent _____

Speaking in Favor:	<input checked="" type="checkbox"/>
Speaking Against:	<input type="checkbox"/>
Registering in Favor:	<input type="checkbox"/>
Registering Against:	<input type="checkbox"/>
Speaking for Information Only, neither for nor against:	<input type="checkbox"/>

Please promptly return this slip to the messenger at the hearing.

To clarify:

Under AB 525 → Consumer can attempt to remedy a dispute with Telco OR DOR.

Under Sprint Amendment → Consumer must remedy a dispute with the Telco.

Proposal Issue Page

For use at public hearings and any other forum of debate

Date 11-14-01 Proposal AB 525 Lead Author(s) Lehman-Tauch

Pros: Raises Revenues!

Attributes a call for tax purposes to where the call is billed.

- > Fed Mobile Telco Sourcing Act - complies the state with
- > Est one source of billing. Will greatly simplify the tax det process.
- > \$250,000k increase.

Cons: The sprint amendment.

↳ Consumers would be required to deal with the telco company if a problem arises, not DOR as is current law. Tauch opposes this amendment.

Mobile Telecommunications Sourcing Act Conformity Bills Passed
2001 Legislative Sessions
 (As of October 10, 2001)

<u>State/Bill</u>	<u>Sponsor</u>	<u>Description</u>	<u>Action</u>
AZ HB 2542	Rep. Hatch-Miller	Customer remedy provision included.	Signed by the Governor 4/23/01.
AR SB 309	Sen. Hill	Customer remedy provision included.	Signed by the Governor 3/20/01.
CA SB 896	Sen. Poochigian	Conformity only.	Signed by the Governor 10/8/01
CT SB 2001 (Spec. Sess.)	Sen. Sullivan; Rep. Lyons	Customer remedy provision included.	Signed by the Governor 7/2/01.
FL SB1878	Sen. Horne	Customer remedy provision included.	Signed by the Governor 6/1/01.
IL HB 843	Rep. Granberg / Sen. Rauschenberger	Customer remedy provision included.	Signed by the Governor 8/23/01.
IA HF 736	Ways and Means	Conformity only.	Signed by the Governor 5/18/01.
LA HB 1391	Rep. Daniel	Customer remedy provision included.	Signed by the Governor 6/29/01.
MN HF 1 (1st Special Sess.)	Rep. Abrams	Conformity by reference only.	Signed by the Governor 6/30/01.
MT SB 494	Sen. Cobb	Vetoed by Governor; returned by Governor without MTSA language.	Passed, signed by the Governor 4/30/01 without MTSA language.
NV SB 563	Govt. Affairs Committee	Customer remedy provision included.	Signed by the Governor 6/5/01.
ND HB 1479	Rep. Kelsch	Customer remedy provision included.	Signed by the Governor 4/28/01.

OH SB 143	Sen. Blessing	Conformity only – no bundling.	Passed Senate 10/3/01.
OK HB 1081	Rep. Phillips	Customer remedy provision included.	Signed by the Governor 5/1/01.
OR HB 2105 & HB 3977	Ways and Means Committee	Conformity only.	Signed by the Governor 6/18/01 & 7/2/01 respectively.
SC HB 3885	Rep. Meacham / Sen. Richardson	Conformity by reference only.	Signed by the Governor 7/20/01.
TX SB 1497	Sen. Ellis	Customer remedy provision included.	Signed by the Governor 5/26/01.
WI SB 260	Sen. Jauch <i>Rep. Lehman</i>	Conformity only.	Reported by Jt. Tax Exemptions Committee. In Jt. Information Policy and Technology Committee.

Legislative Scorecard

Passed, signed into law – AZ, AR, CA, CT, FL, IL, IA, LA, MN, NV, ND, OK, OR, SC, TX (15 states)
 Pending – OH, WI

Passed, vetoed – MT

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number **01-3837/1** Introduction Number **AB-525**

Subject
 Sales tax imposed on mobile telecommunications services

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations
 Decrease Existing Revenues

 Yes No
 Create New Appropriations

 Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. Increase Costs 3. Increase Revenue
 5. Types of Local Government Units Affected
 Permissive Mandatory
 Permissive Mandatory
 Towns Village Cities
 2. Decrease Costs 4. Decrease Revenue
 Counties Others
 Permissive Mandatory
 Permissive Mandatory
 School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR
 FED
 PRO
 PRS
 SEG
 SEGS

Agency/Prepared By	Authorized Signature	Date
DOR/ Blair Kruger (608) 266-1310	Brian Pahnke (608) 266-2700	10/9/01

Fiscal Estimate Narratives

DOR 10/9/01

LRB Number	01-3837/1	Introduction Number	AB-525	Estimate Type	Original
Subject					
Sales tax imposed on mobile telecommunications services					

Assumptions Used in Arriving at Fiscal Estimate

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 01-3837/1		Introduction Number AB-525	
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			
		State	Local
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	
		10/9/01	