

REVISED
FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: _____

Amendment to: HB 1068

Requested by Legislative Council

Date of Request: 2-14-97

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative: HB 1068, if enacted as amended by the House, exempts all property of telecommunications companies from property tax, imposes a 2½ percent gross receipts tax, and allocates \$8.4 million to the political subdivisions on the basis of revenues received from taxes paid by telecommunications companies in 1997. If revenues from the gross receipts tax are less than \$8.4 million per year, the difference is appropriated from the state general fund. The impact is influenced by the fate of HB 1067. If HB 1067 is enacted, the state general fund expenditures would increase by approximately \$525,000 per year because there will be no requirement for telecommunications companies to pass tax savings through to the consumer. If HB 1067 fails, the state general fund expenditures would increase by approximately \$582,000 per year because the rates would be reduced to reflect the property tax exemption. The gross receipts of resellers (e.g. MCI and more than 200 other resellers, hotels, hospitals) and of the growth in the usage of cellular phones are not included in the estimate of fiscal impact because information is not available. The negative impact to the state general fund will be reduced by the amount of gross receipts tax that will be paid by resellers and growth in the cellular phone industry.

2. State fiscal effect in dollar amounts:

	1995-97 Biennium		1997-99 Biennium		1999-2001 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	If HB 1067 Fails:			\$7.818M		\$15.636M
	If HB 1067 Passes:			\$7.875M		\$15.750M
Expenditures:	If HB 1067 Fails:		\$0.582M		\$1.164M	
	If HB 1067 Passes:		\$0.525M		\$1.050M	

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1995-97 biennium: _____
- b. For the 1997-99 biennium: + 1 FTE \$73,600
- c. For the 1999-2001 biennium: + 1 FTE \$70,600

4. County, City, and School District fiscal effect in dollar amounts:

1995-97 Biennium			1997-99 Biennium			1999-2001 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			+97K	+52K	+259K	+193K	+104K	+519K

Additional space is needed, attach a supplemental sheet.

Signed Kathryn L. Strombeck by [Signature]

Typed Name Kathryn L. Strombeck

Date Prepared: 3-20-97

Department Tax

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Wick Clayburgh
COMMISSIONER

MEMO

To: Legislative Council
From: Barry Hasti, State Supervisor of Assessments
Subject: Revised fiscal note: HB 1068 as amended and passed by the House
Date: March 20, 1997

We are revising the fiscal note to HB 1068 as amended and passed by the House of Representatives for the following reasons:

Since the fiscal note was prepared, we have been able to gather actual information on the property and gross receipts taxes payable in 1997 by telecommunications companies. The previous fiscal note was based upon estimates of the amount of taxes.

Additional information has been obtained regarding the "pass through" of property tax expense that affects the fiscal impact. Also, the effects of the passage or failure of HB 1067 are incorporated.

Because of an oversight, we did not include the effects of HB 1068 on the Office of State Tax Commissioner. We are asking for one additional full time auditor II to identify, process and audit the tax returns from the additional taxpayers that will be added by this bill. The additional taxpayers include all or some of the following: 8 mobile telephone companies, 8 inmate service resellers, 3 cellular resellers, 1 new cellular company, 12 local resellers, 236 long distance resellers and carriers, 46 hospitals, 129 nursing and basic care facilities, 284 hotels and motels, plus an unknown number of Internet service providers and other as yet unidentified telecommunications service providers. Currently, there are 47 telecommunications service companies and co-ops that are centrally assessed.

Barry Hasti