Scott Danigole February 05, 2016 471-0055

## LB 1003

## Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)									
	FY 201	6-17	FY 20	17-18					
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE						
GENERAL FUNDS	10,869	42,000		56,000					
CASH FUNDS	CASH FUNDS (275,000)		(302,500)	(358,500)					
FEDERAL FUNDS									
OTHER FUNDS									
TOTAL FUNDS	(264,131)	(275,000)	(302,500)	(302,500)					

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 1003 changes provisions related to the Nebraska Telecommunications Universal Service Fund Act.

Section 2 adds one factor in determining the prepaid wireless surcharge. The percentage obtained by multiplying the Nebraska Telecommunications Universal Service Fund surcharge percentage rate by the inverse of the Federal Communications Commission's safe harbor percentage for determining the interstate portion of a fixed monthly wireless charge is now added to the two existing percentages used in calculating the prepaid wireless surcharge.

Section 4 removes the direct assessment of universal service fund contributions from prepaid wireless carriers. The Public Service Commission estimates reduced revenue to the Universal Service Fund in the amounts of \$275,000 for fiscal year 2016-17 and \$302,500 for fiscal year 2017-18. The revenue reduction will directly reduce the amount of aid expenditures. There is no basis to disagree with this estimate.

The Department of Revenue estimates one-time development costs to implement the bill to be \$10,869. In addition, the Department estimates decreased Cash Fund revenue, offset by increased General Fund revenue due to the changes provided for in LB1003. There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES								
LB: 1003	LB: 1003 AM: AGENCY/POLT. SUB: Public Service Commission							
REVIEWED BY: Robin Kilgore DATE: 2-3-16 PHONE: 471-4180								
COMMENTS: No basis to disagree with agency estimate of fiscal impact.								

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES								
LB: 1003 AM: AGENCY/POLT. SUB: Department of Revenue								
REVIEWED BY: Robin Kilgore DATE: 2-8-16 PHONE: 471-4180								
COMMENTS: No basis to disagree with agency estimate of fiscal impact.								

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB <sup>(1)</sup> 1003				FISCAL NOTE			
State Agency OR Pol	litical Subdivision Name: <sup>(2)</sup>	Nebraska Public Service Commission					
Prepared by: (3)	Suzanne Hinzman	Date Prepared: <sup>(4)</sup>	2/2/2016 Phone: <sup>(5)</sup>	402-471-0240			
	ESTIMATE PROVIDED	BY STATE AGENC	Y OR POLITICAL SUBDIVISIO	ON			
	FY 201	6-17	FV 9017	FY 2017-18			
	EXPENDITURES	<u>REVENUE</u>	EXPENDITURES	REVENUE			
GENERAL FUNDS	5						
CASH FUNDS	Aid -275,000	-275,000	Aid -302,500	-302,500			
FEDERAL FUNDS	<u> </u>						
OTHER FUNDS							
TOTAL FUNDS	Aid -275,000	-275,000	Aid -302,500	-302,500			

**Explanation of Estimate:** 

LB 1003 amends the Nebraska Telecommunications Universal Service Fund Act by removing the direct assessment of universal service fund contributions by prepaid wireless carriers from the Commission and moving the collection and remittance responsibilities to the retail selling agent. In doing so, five percent of surcharge revenue would be diverted away from the Commission thereby lowering distributions of aid.

BREAKI	DOWN BY MA	JOR OBJECTS O	<b>F EXPENDITURE</b>	
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS <u>16-17</u> <u>17-18</u>		2016-17 <u>EXPENDITURES</u>	2017-18 EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid			-275,000	-302,500
Capital improvements				
TOTAL			-275,000	-302,500

## LB 1003

## Fiscal Note 2016

State Agency Estimate									
State Agency Name: Department of RevenueDate Due LFA:2/5/2016									
Approved by: Tony Fulton		Date Prepared:	2/2/2016		Phone: 471-5896				
	FY 2016-	-2017	FY 201	7-2018	FY 20	18-2019			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue			
General Funds	\$ 10,869	\$42,000		\$56,000		\$63,000			
Cash Funds		(\$42,000)		(\$56,000)		(\$63,000)			
Federal Funds									
Other Funds									
Total Funds	\$ 10,869	\$ 0		\$ 0		\$ 0			

State A man any Estimate

LB 1003 amends Neb. Rev. Stat. §§ 86-328 (the Universal Service Fund) and 86-903, 904 & 905 (wireless prepaid surcharge) to change the collection of the Universal Service Fund for sales of wireless service. Currently, the Universal Service Fund assessment is collected from all carriers by the Public Service Commission. Under LB 1003, the Universal Service Fund assessments for wireless carriers would instead be collected by the retailers and remitted to the Department of Revenue.

LB 1003 adds the Universal Service Fund surcharge percentage to the Prepaid Wireless Surcharge. This will increase the amount of the collection fee distributed to the Department by the following amounts: \$42,000 in fiscal year 2016-17, \$56,000 in 2017-18 and \$63,000 in 2018-19. This amount would be diverted from the Universal Service Fund and would be deposited into the General Fund.

It is estimated that there will be one time development costs to the Department of \$10,869 to implement this bill.

Major Objects of Expenditure									
		16-17	17-18 ETE	18-19	16-17	17-18	18-19		
<u>Class Code</u>	Classification Title	<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<b>Expenditures</b>	<u>Expenditures</u>		
Benefits									
Operating Costs					\$ 10,869				
Travel									
Capital Outlay									
Capital Improvement	nts								
					\$ 10,869				