Bill No.: HB0044 **Effective:** 3/2/2015

LSO No.: 15LSO-0117

Enrolled Act No.: HEA 63

Chapter No.: 90

Prime Sponsor: Joint Corporations, Elections & Political Subdivisions Interim Committee

Catch Title: Emergency 911 fees-prepaid wireless.

Subject: Emergency 911 tax on prepaid wireless.

Summary/Major Elements:

- This legislation imposes a 1.5% emergency 911 tax on prepaid wireless communications sales in an attempt to make prepaid wireless subscribers pay a 911 tax equivalent to the $.75 per month, per line emergency 911 tax imposed on non-prepaid purchasers of wireless service. This tax applies to cellular telephone service.
- Collection and remittance of the tax is substantially identical to the process used for sales tax. A retailer collects the tax and then remits it to the Department of Revenue. A retailer is subject to penalties for any failure to remit collected taxes.
- A retailer is allowed to retain 3% of the tax as an administrative fee.
- With some exceptions, the taxable amount of a prepaid wireless sale is not allowed to be included in the base for any other tax or fee assessed on the sale.
- The tax is not applied to bundled sales (*e.g.*, where a cell phone is sold with start-up minutes) where the prepaid wireless portion of the sale constitutes service which is 10 minutes or less or has a value of less than $5.00.
- Tax proceeds are distributed by the Department of Revenue as follows:
  - 1% is retained by the Department as an administrative fee;
  - 3% of the remaining amount is distributed to counties;
  - The amount remaining after the 3% distribution to counties is further distributed to counties in proportion to their population, larger counties receiving a larger share;
  - Counties must share their distribution with local entities who impose a 911 emergency tax.
- Appropriates $282,000 to the Department of Revenue.

Comments:

- Requires the Public Service Commission and Department of Revenue to report every 4 years to assure that the 1.5% prepaid wireless tax imposed by this legislation remains substantially equivalent to the $.75 per month, per line tax imposed on non-prepaid wireless sales.