PREPARED BY: DATE PREPARED: PHONE: Scott Danigole December 19, 2017 471-0055

LB 157

Revision: 01

FISCAL NOTE

Updated for 2018 Session

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	8-19	FY 2019-20				
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE				
GENERAL FUNDS							
CASH FUNDS	(175,499)	(159,199)	(181,852)	(167,552)			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	(175,499)	(159,199)	(181,852)	(167,552)			

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

LB 157 changes provisions related to the Nebraska Telecommunications Universal Service Fund Act.

Section 3 provides a definition for "Prepaid wireless telecommunications service provider".

Section 4 requires universal service fund contribution and surcharge obligations for prepaid wireless telecommunications service providers be governed by the Prepaid Wireless Surcharge Act.

Section 6 adds a factor to computing the prepaid wireless surcharge. The added factor is the percentage obtained by multiplying the Nebraska Telecommunications Universal Service Fund surcharge percentage by the inverse of the Federal Communications Commission safe harbor percentage for determining the interstate portion of a fixed monthly wireless charge.

The Public Service Commission estimates removing the direct assessment for prepaid wireless carriers from the Universal Service Fund will result in decreased revenue and aid distribution in the amount of (\$175,499) for fiscal year 2018-19 and (\$181,852) for fiscal year 2019-20. There is no basis to disagree on these estimates.

The Department of Revenue did not respond to the request for updating this fiscal note. It is assumed that their initial reply from last year is still accurate. The paragraph below and the table above reflect their prior response. If their estimate changes, this fiscal note will be updated.

The Department of Revenue estimates a cash fund revenue increase of \$16,300 for fiscal year 2017-18 (*sic.* 2018-19) and \$14,300 for fiscal year 2018-19 (*sic.* 2019-20). This is based on the section 6 calculation change. There is no basis to disagree with these estimates.

ADMIN	ISTRATIVE SERVIC	ES STATE BUDGET DIVISION	: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 157	LB: 157 AM: AGENCY/POLT. SUB: Public Service Commission				
REVIEWED BY: Lyn Heaton D		DATE: 12/10/2017	PHONE: (402) 471-4181		
COMMENTS: No basis upon which to disagree.					

Operating......

Travel.....

Capital outlay.....

Aid......

Capital improvements.....

TOTAL.....

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LB ⁽¹⁾ 157					FISCAL NOTE			
State Agency OR Political Subdivision Name: (2) Prepared by: (3) Suzie Hinzman		Nebraska Public Service Commission						
		Date Prepared: (4) 11/22/17 Pho			402-471-0240			
	ESTIMATE PROVII	DED BY STAT	E AGENCY	OR POLITICAL SUBDIVISI	ON			
FY		<u>2018-19</u>		FY 201:	9-20			
	EXPENDITURES		ENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS								
CASH FUNDS	Aid -175,499	17	5,499	Aid -181,852	-181,852			
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	Aid -175,499		5,499	Aid -181,852	-181,852			
Explanation of Estima	te:							
assessment of unive moving the collectio	ersal service fund co n and remittance res	ntributions by ponsibilities t	prepaid wing the retail	vice Fund Act by removing reless carriers from the Co selling agent. In doing so, ommission thereby lowerin	mmission and three point five			
Personal Services:	BREAKDOY	VN BY MAJOR	OBJECTS (OF EXPENDITURE				
		UMBER OF PO		2018-19	2019-20			
POSITION '	TITLE	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>			
Benefits								

-175,499

-175,499

-181,852

-181,852

		State Agency	Estimate			
State Agency Name: Department o	f Revenue				Date Due LFA:	2/9/2017
Approved by: Tony Fulton		Date Prepared:	2/9/2017		Phone: 471-5896	
		7-2018	FY 2018-2019		FY 2019-2020	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds						
Cash Funds		\$ 16,300		\$ 14,300		12,000
Federal Funds						
Other Funds						
Total Funds		\$ 16,300		\$ 14,300		12,000

LB 157 amends Neb. Rev. Stat. §§ 86-328 (the Universal Service Fund) and 86-903, 86-904 & 86-905 (Prepaid Wireless Surcharge) to change the collection of the Universal Service Fund (USF) for sales of wireless service. Currently, the Public Service Commission (PSC) collects the USF assessment from all carriers. Under LB 157, the USF assessments for wireless carriers would instead be collected by the retailers and remitted to the Department of Revenue.

The calculation of the Prepaid Wireless Surcharge (PWS) would be changed by adding another percentage: the USF surcharge percentage rate times the inverse of the FCC safe harbor percentage for determining the interstate portion of a fixed wireless charge. (The "inverse" would probably be more appropriately calculated by stating one minus the amount.) Sellers are to remit the PWS monthly except that, if the seller collected less than \$1,000 in the prior year, the remittance can be annual. The 2% collection fee that is currently retained by the Department of Revenue would be changed to ½ % under LB 157.

LB 157 adds a new definition of prepaid wireless telecommunications service provider. A PWS provider is subject to audit by the PSC. The bill provides that the Department is to provide the PSC with PWS calculation and collection data upon request.

The estimated increase in revenue to the Department for a ½ % collection fee is as follows:

FY 2017-18 \$ 16,300 FY 2018-19 \$ 14,300 FY 2019-20 \$ 12,000

It is estimated that there will be no cost to the Department to implement this bill.

Class Code	Classification Title		10-19			Major Objects of Expenditure 17-18 18-19 19-20 17-18 18-19							
		FTE	FTE	FTE	Expenditures	Expenditures	19-20 Expenditures						
g.													
perating Costs													
avel													
apital Outlay													