HLS 181ES-2 ENGROSSED

2018 First Extraordinary Session

HOUSE BILL NO. 28

22

BY REPRESENTATIVE SMITH

TAX: Increases the tax on certain telecommunication devices and services and levies a tax on prepaid mobile devices and prepaid mobile device cards (Item #10)

1 AN ACT 2 To amend and reenact R.S. 47:1061(A)(1) and (2), relative to telecommunication taxes; to 3 levy a tax on certain mobile devices and mobile device cards; to provide for 4 collection and remittance of the tax; to provide for an effective date; and to provide 5 for related matters. Be it enacted by the Legislature of Louisiana: 6 7 Section 1. R.S. 47:1061(A)(1) and (2) are hereby amended and reenacted to read as 8 follows: 9 §1061. Telecommunication tax for the deaf 10 A.(1)(a) There is hereby levied a tax of four and one-half cents per month 11 to be assessed per line for each wireline access line and per telephone number for 12 each wireless handset device on each residential and business customer of a local or 13 wireless telecommunication service company operating in Louisiana. The tax shall 14 be collected from each residential and business customer and remitted by each such 15 company on or before thirty days after the close of each calendar quarter to the 16 secretary of the Department of Revenue on forms prescribed by the secretary. The 17 tax provided for in this Paragraph shall not apply to wireless devices used only for 18 data purposes or to prepaid wireless devices. 19 (b)(i) In addition to any other taxes or fees on purchases of a prepaid mobile 20 device or a prepaid mobile device card, there is hereby levied a tax on prepaid 21 mobile devices and prepaid mobile device cards in the amount of one dollar and fifty

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cents per retail transaction. For purposes of this Subparagraph, the term "retail

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1 transaction" shall mean each individual purchase of a prepaid mobile device or 2 prepaid mobile device card. 3 (ii) The seller of prepaid mobile devices or prepaid mobile device cards shall 4 be required to collect the tax levied pursuant to the provisions of this Subparagraph from each purchaser of a prepaid mobile device or a prepaid mobile device card 5 6 occurring in this state and to remit the tax in accordance with the requirements of 7 Subsection A of this Section. The amount of the tax shall be either separately stated 8 on an invoice, receipt, or other similar document that is provided to the consumer by 9 the seller, or otherwise disclosed to the consumer. 10 (2) The local or wireless telecommunication service company or the seller 11 of prepaid mobile devices or prepaid mobile device cards which are collecting and 12 remitting such the tax as hereinabove provided levied pursuant to Subsection A of 13 this Section shall be allowed a deduction, not to exceed three percent, from the 14 amount so collected and remitted to the secretary as compensation for such 15 collection. The compensation shall not be allowed, however, if the remittance is not 16 made timely. 17 18 Section 2. This Act shall become effective on July 1, 2018; if vetoed by the governor 19 and subsequently approved by the legislature, this Act shall become effective on July 1, 20 2018, or on the day following such approval by the legislature, whichever is later.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 28 Engrossed

2018 First Extraordinary Session

Smith

Abstract: Levies a tax on prepaid mobile devices and prepaid mobile device cards.

<u>Present law</u> levies a tax of 4.5ϕ per month on residential and business customer telephone access lines of local exchange companies operating in La. The tax is collected by the telecommunications company and remitted to the Dept. of Revenue (DOR) on or before 30 days after the close of each calendar quarter on forms prescribed by the secretary. <u>Present law</u> exempts wireless devices used only for data purposes and prepaid wireless devices from the tax.

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Proposed law repeals the present law tax exemption for prepaid wireless devices.

<u>Proposed law</u> levies a tax on prepaid mobile devices and prepaid mobile device cards of \$1.50 per retail transaction. Further defines a "retail transaction" for purposes of <u>proposed law</u> as each individual purchase of a prepaid mobile device or prepaid mobile device card.

<u>Proposed law</u> requires the seller of prepaid mobile devices or prepaid mobile device cards to collect the tax pursuant to <u>proposed law</u> from each purchaser and to remit the tax to DOR in accordance with <u>present law</u>. Further requires the amount of the tax to be separately stated on an invoice or other similar document provided to the consumer or to otherwise disclose the amount of the tax to the consumer.

<u>Present law</u> authorizes a deduction not to exceed 3% from the amount of tax collected each month by telecommunication service companies collecting and remitting the tax as compensation for collection of the tax.

<u>Proposed law</u> retains <u>present law</u> and extends the 3% deduction to sellers of prepaid mobile devices or prepaid mobile device cards as compensation for collection and remittance of the tax.

<u>Present law</u> requires, after satisfaction of the requirements of the Bond Security and Redemption Fund, monies from the tax to be deposited into the "Telecommunications for the Deaf Fund" to be used to establish, administer, and promote a statewide program to provide accessibility services and assistive technology for persons who are deaf, deaf/blind, hard of hearing, speech impaired, or others with similar disabilities or impairments.

<u>Proposed law</u> retains <u>present law</u>.

Effective July 1, 2018.

(Amends R.S. 47:1061(A)(1) and (2))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by <u>House Committee on Ways and Means</u> to the original bill:

- 1. Change the amount of the tax levied <u>from</u> a graduated amount of tax based on the amount of the retail transaction <u>to</u> a flat tax of \$1.50 per retail transaction.
- 2. Define "retail transaction" for purposes of <u>proposed law</u> as each individual purchase of a prepaid mobile device or prepaid mobile device card.