

**DEPARTMENT OF TAXATION
2001 Fiscal Impact Statement**

1. Patron Ruff (By Request)

3. Committee Senate Finance

4. Title Local Consumer Utility Tax

2. Bill Number SB 1403

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would allow counties to impose a tax on consumers of utility services in towns even in those instances when a town also imposes such a tax and also imposes special district taxes. Under current law, counties may not impose a tax on consumers of utility services in those instances in which town provides police or fire protection, and water or sewer services through a sanitation district, or if the town operates a special school district.

This bill provides that the governing body of a county may adopt an ordinance imposing a consumer utility tax on those residents of an incorporated town that provides the services enumerated above.

The effective date of this bill is not specified.

6. Fiscal Impact Estimates are: Not Available. (See line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no impact on state revenues. It would affect the counties that elect to adopt an ordinance that would permit them to impose a consumer utility tax on residents of those towns that are currently exempt from the county tax, and it would result in a tax increase for the residents of those towns.

9. Specific agency or political subdivisions affected:

Counties and incorporated towns that impose special district taxes.

10. Technical amendment necessary:

To insert a missing word, the following technical amendment is necessary:

Page 1, Line 38, after: "governing"

Insert: body

11. Other comments:

Under current law, counties, cities, and towns may impose a tax on the consumers of utility services provided by water and heat, light and power or any other public service companies. The rate may not exceed twenty percent of the consumer's monthly bill, and is capped at \$15 per month for residential customers. However, counties may not impose the tax on those towns that provide police or fire protection and are served by a special sanitation district which may provide services to the county or a special school district that is located within a town. There are only two such school districts in the state.

This bill would eliminate that exemption, thus subjecting the residents of **all** incorporated towns to the possibility of paying both a county and town tax on utility services.

c: Secretary of Finance

Date: 1/25/01/slr

Document: S:\2001leg\WorkInProgress\OTPwork\Senate Bills\SB1403F161.doc