

State Corporation Commission 2014 Fiscal Impact Statement

1. Bill Number: SB428

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Hanger

3. Committee: Finance

4. Title: Personal property tax; telephone and telegraph companies.

5. Summary: Personal property tax; telephone and telegraph companies. Authorizes localities to tax the personal property of telephone and telegraph companies not used in furnishing telegraph, telephone, broadband personal, or mobile commercial communication services, at the applicable personal property rate. Under current law, all personal property of telegraph and telephone companies must be taxed at the locality's real property tax rate. The bill also requires telephone and telegraph companies to include in their annual report to the State Corporation Commission separate listings of property according to whether or not it is used in furnishing telegraph, telephone, broadband personal, or mobile commercial communication services.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Preliminary. See Item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2014			
2015	\$86,000	1	0208-01010
2016	\$60,500	1	0208-01010
2017	\$61,700	1	0208-01010
2018	\$63,000	1	0208-01010
2019	\$64,200	1	0208-01010
2020	\$65,500	1	0208-01010

8. Fiscal Implications:

This legislation would require changes initially to our property assessment and certified property assessment systems in order to provide separate assessments. It would also require an additional employee to verify that the property was being reported correctly for assessment. The estimated cost to implement this legislation for fiscal year 2015 is \$86,000 of which approximately \$26,000 would be the one time cost for the initial changes to our computer systems. The recurring cost for the additional employee would continue.

9. Specific Agency or Political Subdivisions Affected: Virginia State Corporation Commission and the Commission's Division of Public Service Taxation.

This legislation would affect all 325 cities, counties and towns for which the State Corporation Commission currently provides telephone and telegraph property assessments.

10. Technical Amendment Necessary: None

11. Other Comments:

This legislation would require the State Corporation Commission (SCC) to provide a separate assessment for all property reported by telegraph and telephone companies that was not being used for furnishing telegraph, telephone, broadband personal, or commercial mobile communication services to approximately 325 cities, counties and towns. The telephone and telegraph companies would have to segregate their property for assessment into two separate classes in their tax reports when reporting to the SCC, but ultimately it would be the SCC's responsibility to make sure that the property was segregated correctly for assessment. This would require additional personnel due to the increased workload. We have approximately \$17.5 billion in telecommunication's property reported to the SCC annually for assessment. It would be administratively impossible to determine how each individual piece of property was being used.