

**DEPARTMENT OF TAXATION  
2007 Fiscal Impact Statement**

1. **Patron** Joe T. May

3. **Committee** House Finance

4. **Title** Local Consumer Utility Taxes

2. **Bill Number** HB 2382

**House of Origin:**

  X   **Introduced**

      **Substitute**

      **Engrossed**

**Second House:**

      **In Committee**

      **Substitute**

      **Enrolled**

**5. Summary/Purpose:**

This bill would amend the local consumer utility tax statute to expressly state the current law requirement that for purposes of the local consumer utility tax on electricity and natural gas services, the provider of billing services remains liable to the locality imposing the tax even if the provider of billing services remits the taxes collected from consumers to another locality. The bill would also require the provider of billing services to clearly state the locality to which the tax is being remitted on the consumer's bill and the procedure for the consumer to notify the provider if the tax is being remitted to the wrong locality. The provider would then have 30 days from the consumer's notice of correction to confirm the proper locality and correct its records.

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. As this bill may facilitate the payment of local consumer utility taxes to the correct locality, it may shift revenues between localities.

**9. Specific agency or political subdivisions affected:**

All localities

10. **Technical amendment necessary:** No.

## 11. Other comments:

### Background

Currently, any locality may impose a tax on consumers of electricity provided by electric suppliers based on kilowatt hours delivered monthly that cannot exceed a maximum amount of \$3 per month for residential consumers. Localities that imposed a higher tax than the maximum on July 1, 1972 may continue to impose the higher tax but may not increase the tax.

Any locality may also impose a tax on consumers of natural gas provided by pipeline distribution companies and gas utilities based on 100 cubic feet ("CCF") delivered monthly that cannot exceed a maximum amount of \$3 per month for residential consumers. Localities that imposed a higher tax than the maximum on July 1, 1972 may continue to impose the higher tax but may not increase the tax.

### Proposal

This bill would expressly state that under current law, the provider of billing services remains liable to the locality imposing the tax for purposes of the local consumer utility tax on electricity and natural gas services, even if the provider of billing services remits the taxes collected from consumers to another locality. This bill would also require that the provider of billing services clearly state on the consumer's bill the locality to which the tax is being remitted and the procedure to notify the provider if the tax is being remitted to the wrong locality. The provider would have 30 days from a notice of correction to confirm the proper locality and correct its records.

Providers of billing services who do not currently state the locality that the tax is being remitted on the consumer's bill or provide a procedure to notify the provider if the tax is being remitted to the wrong locality would have to change the format of their bills and create a procedure for consumer's to provide notices of correction.

cc : Secretary of Finance

Date: 1/19/2007 AM  
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