

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7110**  
**BILL NUMBER: HB 1205**

**DATE PREPARED: Jan 5, 2000**  
**BILL AMENDED:**

**SUBJECT:** Sales tax collection allowance for utilities.

**FISCAL ANALYST:** Jim Mundt  
**PHONE NUMBER:** 232-9858

**FUNDS AFFECTED:  GENERAL**  
 **DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill allows a retail merchant who furnishes or sells an intrastate telecommunication service to retain the retail merchant's collection allowance of 1% of the retail merchant's gross retail and use tax liability as compensation for collecting and timely remitting the state gross retail tax and the state use tax.

It provides that a retail merchant who furnishes or sells an intrastate telecommunications service may not retain the retail merchant's collection allowance if the retail merchant is compensated for collecting and remitting the gross retail tax and the use tax through its rate structure, as approved by the Indiana Utility Regulatory Commission. (Current law provides that a person who furnishes or sells an intrastate telecommunication service is not entitled to the retail merchant's collection allowance.)

**Effective Date:** July 1, 2000.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** This bill will result in a reduction of Sales Tax revenue. Based on 1997 collection figures, it is estimated that the maximum revenue loss would be approximately \$890,000 for FY 2001 if all telecommunication public utilities claim the collection allowance. However, the impact will be reduced by an indeterminable amount because this bill limits the taking of the collection allowance to those retail merchants that are not compensated for collecting the tax through their rate structure as approved by the Indiana Utility Regulatory Commission.

Gross Retail (Sales) and Use taxes are deposited in the State General Fund (59.03%), the Property Tax Replacement Fund (40%), the Public Mass Transportation Fund (0.76%), the Industrial Rail Service Loan Fund (0.04%), and the Commuter Rail Service Fund (0.17%).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:** Indiana Department of State Revenue, 1997 Sales Tax Collection Report; Tom Conley, 232-2107.