

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 1126  
**SHORT TITLE:** No Sales Tax On Pay Phones  
**SPONSOR(S):** Representative Miner

<b>FISCAL IMPACT</b>					
<b>(\$ Million)</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 1997-98</u></b>	<b><u>FY 1998-99</u></b>	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>
<b>REVENUES</b>	<b>\$ (1.1)</b>	<b>(1.2)</b>	<b>(1.25)</b>	<b>(1.32)</b>	<b>(1.4)</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>	Department of Revenue Sales and Use Tax Division				
<b>EFFECTIVE DATE:</b>	October 1, 1997				

**BILL SUMMARY:**

The proposed act repeals the 3% gross receipts tax on local phone calls made from a coin operated phone. (The 3% rate applies to the gross receipts derived by a utility from the sale of electricity, piped natural gas, and telecommunications.) This tax is in lieu of a sales tax and applies to local telecommunication services.

**ASSUMPTIONS AND METHODOLOGY:**

The loss is based on reports filed with the N. C. Utilities Commission and sales tax collections on utility services recorded by the Department of Revenue. There is not an individual listing of the tax collected on the gross receipts from coin telephone services. The Department was able to make an inference from the available data which included sales tax receipts on customer-owned coin operated telephone services. The growth in the estimate is 6% a year.

**FISCAL RESEARCH DIVISION DATE:** July 7, 1997 **733-4910**

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