

**BILL #** SB 1095

**TITLE:** excise tax; teratogen funding

**SPONSOR:** Cannell

**STATUS:** As Introduced

**REQUESTED BY:** Senate

**PREPARED BY:** Beth Kohler

## FISCAL ANALYSIS

### Description

SB 1095 reallocates a portion of the Telecommunications Provider Proceeds Tax (a subset of the Telecommunication Services Excise Tax) from the Commission for the Deaf and the Hard of Hearing to the Poison Control Fund for the purposes of financing the Teratogen Information Program. This program is located at the University of Arizona Health Sciences Center and provides health care providers and the public with up-to-date information on physical, infectious, or chemical agents that cause change in the normal development of a human embryo or fetus.

### Estimated Impact

The bill will have no General Fund impact. The bill will reduce Telecommunication Fund for the Deaf revenue by \$(90,300) in FY 2005 and \$(96,700) in FY 2006 and increase Poison Control Fund revenue by corresponding amounts.

	FISCAL YEAR		
	2004	2005	2006
Telcommunication Fund for the Deaf	-0-	\$(90,300)	\$(96,700)
Poison Control Fund	<u>-0-</u>	<u>90,300</u>	<u>96,700</u>
Total	\$-0-	\$-0-	\$-0-

### Analysis

The Telecommunication Services Excise Tax consists of two parts: the Emergency Telecommunication Services Tax, which finances 911 emergency telecommunication services, and the Telecommunications Provider Proceeds Tax, which is a 1.1% tax on local telephone bills. Pursuant to A.R.S. § 42-5252, this 1.1% tax is distributed as follows:

- 0.69% to the Telecommunication Fund for the Deaf administered by the Commission for the Deaf and the Hard of Hearing, to finance telecommunication devices for the deaf and severely hearing and speech impaired,
- 0.18% to the Poison Control Fund administered by the Department of Health Services (DHS) for the purpose of financing poison control services,
- 0.23% to the Arizona State Schools for the Deaf and the Blind for operating expenses.

SB 1095 changes the distribution of the Telecommunications Provider Proceeds Tax by redistributing 0.01% from the Telecommunication Fund for the Deaf (the distribution to this fund decreases from 0.69% to 0.68%) to the Poison Control Fund (the distribution to this fund increases from 0.18% to 0.19%). The bill also expands the purpose of the Poison Control Fund to include the financing of the Teratogen Information Program.

In FY 2003, the Telecommunications Provider Proceeds Tax generated a total of \$8,678,600 in revenue. The revenues from the tax have fluctuated over the past 6 years with changes ranging from a decrease of (4)% in FY 2000 to an increase of 16% in FY 2002, for an average annual increase of 7%. For the purposes of this analysis, we assumed that the tax revenue would increase annually by 7%. However, the actual increases could be higher or lower.

The FY 2004 appropriation from the Telecommunication Fund for the Deaf is approximately \$600,000 less than the estimated FY 2004 fund revenue and the fund has an ongoing fund balance. Therefore, the Commission for the Deaf and the Hard of Hearing should be able to sustain expenditures at the current appropriated level even after this reduction in revenue.

**Local Government Impact**

None

1/26/04