

ONE HUNDRED FOURTH LEGISLATURE - SECOND SESSION - 2016
COMMITTEE STATEMENT
LB1003

Hearing Date: Tuesday February 09, 2016
Committee On: Transportation and Telecommunications
Introducer: Smith
One Liner: Change the prepaid wireless surcharge determination under the Prepaid Wireless Surcharge Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 7 Senators Brasch, Friesen, Garrett, McCoy, Murante, Seiler, Smith
Nay:
Absent:
Present Not Voting: 1 Senator Davis

Verbal Testimony:

Proponents:

Jim Smith
Katie Spohn

Representing:

Introducer
TracFone Wireless

Opponents:

Kathy Siefken
Jim Otto
Eric Carstenson

Representing:

Nebraska Grocery Industry Association
Nebraska Retail Federation
Nebraska Telecommunications Association

Neutral:

Jerry Vap

Representing:

Nebraska Public Service Commission

Summary of purpose and/or changes:

The bill would amend the provisions of the Nebraska Prepaid Wireless Surcharge Act.

The Prepaid Wireless Surcharge Act establishes a mechanism by which two surcharges administered by the Nebraska Public Service Commission (NPSC), the Wireless E-911 Surcharge and the Telecommunications Relay System Surcharge, are collected.

Unlike the post-pay remittance model which provides that a telecommunications carrier shall directly bill the end user customer for NPSC-imposed surcharges and remit surcharge revenue directly to the NPSC, the prepaid model provides that the relevant surcharges shall be assessed by retailers selling a prepaid wireless product to end-user consumers. The retailer is required to remit surcharge revenue to the Department of Revenue. The Department of Revenue has established registration and payment procedures that mirror and coincide with sales tax payment procedure. The Department of Revenue transfers funds collected to the State Treasurer for credit to the appropriate funds maintained by the NPSC.

A retailer is authorized to retain 3% of the surcharge revenue collected to reimburse the costs of collection, and the Department of Revenue is authorized to retain 2% of revenues remitted to the Department to cover the costs of administration.

LB 1003 amends the Nebraska Prepaid Wireless Surcharge Act by adding one additional surcharge that is assessed against purchasers of telecommunications services, the Nebraska Telecommunications Universal Service Fund Surcharge.

Currently, for prepaid wireless service, the universal service surcharge remains a direct obligation of the prepaid wireless telecommunications carrier. It is the wireless carrier's obligation to determine the amount of surcharge owed from prepaid service sales to consumers in this state, calculate the amount of surcharge owed to the NPSC, and remit such money directly to the NPSC.

LB 1003 will require that the collection of the surcharge for universal service on prepaid wireless service be collected and remitted in the same manner as the surcharges for E-911 wireless service and the Telecommunications Relay System.

Explanation of amendments:

The Committee considered and adopted an amendment that accomplishes the following:

The Nebraska Telecommunications Service Act is amended by adding the defined term "Prepaid Wireless Telecommunications Company". The term is defined as a wireless telecommunications company whose service must be paid for in advance and is sold in predetermined units or dollars of which the number declines with use in a known amount.

Language is added to section 2 of the bill that provides prepaid wireless telecommunications carriers remain subject to Nebraska Universal Service Fund audit requirements established by the Public Service Commission.

The Prepaid Wireless Surcharge Act is amended.

The Department of Revenue is to provide to the Public Service Commission prepaid wireless surcharge calculation and collection data when requested.

The remittance obligation of retailers under the Act are modified. Currently all retailers are required to remit to the Department of Revenue on a monthly basis. The amendment provides that retailers who in the previous year collected less than \$500 in surcharge remittances may remit to the Department of Revenue annually, and retailers who collect \$500, but less than \$1,000 in the previous year may remit on a quarterly basis.

The collection fee that the Department of Revenue is authorized to retain from the collection of wireless prepaid surcharge remittances is reduced from 2% to one-half of one percent.

The Prepaid Wireless Surcharge Act is sunset on December 31, 2018.

Jim Smith, Chairperson