

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◇ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sHB-5446

AN ACT CONCERNING FUNDING FOR COMMUNITY ACCESS TELEVISION, THE CONNECTICUT TELEVISION NETWORK AND LOW-INCOME INTERNET ACCESS AND TAXATION OF COMMUNICATIONS SERVICES PROVIDERS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Department of Revenue Services	GF - Revenue Gain	Up to 15 million	Up to 20 million
Department of Revenue Services	GF - Cost	Up to 150,000	None
Revenue Serv., Dept.; Public Utilities Regulatory Authority (PURA)	PEGPETIA - See Below	See Below	See Below
Legislative Mgmt.	GF - Potential Revenue Loss	See Below	See Below
Public Utilities Regulatory Authority (PURA)	CC&PUCF - See Below	See Below	See Below

Note: GF=General Fund; PEGPETIA=Public Educational and Governmental Programming an; CC&PUCF=Consumer Counsel and Public Utility Control Fund

Municipal Impact:

Municipalities	Effect	FY 25 \$	FY 26 \$
Various Municipalities	Grand List Expansion	None	See Below

Explanation

The bill, which expands the public service companies tax with regard to communications providers, results in the following fiscal impacts:

Sections 1 and 2 establish an expanded gross earnings tax on communications providers which results in an estimated General Fund

Primary Analyst: CW
Contributing Analyst(s): ME, LG, TM, JP
Reviewer: MM

4/8/24

revenue gain of up to \$15 million in FY 25 and up to \$20 million in FY 26. This also results in a one-time cost of up to \$150,000 to the Department of Revenue Services in FY 25 associated with programming updates to the CTax tax administration system and myconneCT online portal, printing/ mailing costs, and form modification.

Sections 3, 4 and 9 eliminate a current property tax exemption on certain personal property used for telecommunications and cable services. This results in a grand list expansion beginning in FY 26.¹

Section 5 adjusts the way community access programming is funded and results in a revenue loss to the Public Utilities Regulatory Authority (PURA). The bill requires PURA to use FY 15 assessment figures adjusted for inflation. PURA is empowered to adjust assessments by up to 40% for each individual franchise, but now must make those adjustments statewide. This adjustment results in a revenue loss to PURA.

Section 6 clarifies that the same \$3.2 million that is segregated annually from the gross earnings tax on cable and satellite companies for the operations of CT-N currently will continue to be provided under the expanded tax established in the bill. This does not result in any fiscal impact.

Section 7 repeals the existing 0.25% tax that funds the Public Educational and Governmental Programming and Educational Technology Investment Account (PEGPETIA) and replaces it with an expanded tax. This results in an estimated net revenue loss of \$200,000 in FY 25 and an estimated ongoing revenue gain of \$1 million annually beginning in FY 26 to PEGPETIA.²

Section 7 also eliminates a one-time transfer from PEGPETIA to the

¹ A grand list expansion results in a revenue gain to municipalities given a constant mill rate.

² The bill repeals the existing PEGPETIA tax on October 1, 2024, but the new tax does not start until January 1, 2025. Thus, under the bill, there is no tax for the last calendar quarter of 2024.

Office of Legislative Management (OLM) if the account reaches \$150,000 resulting in a potential savings to the PEGPETIA and a corresponding potential revenue loss to OLM.

Section 8 requires the Office of the Consumer Counsel (OCC) to develop a Connecticut Internet for All Program plan in consultation with various state agencies and does not result in a fiscal impact as this can be completed within existing resources.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.