



CROWE PROJECT

PROGRESS UPDATE

MODEL BASIS – SURCHARGE METHODOLOGY

Based on a request from the Advisory Board, ISP requested surcharge calculation information from the following states with populations that approximate the State of Illinois

- **Georgia** (population 11,037,723)
- **North Carolina** (population 10,832,061)
- **Ohio** (population 11,747,774)
- **Pennsylvania** (population 12,931,957)

WORK IN PROCESS – SURCHARGE METHODOLOGY

- Additional information is needed and has been requested:
 - Georgia – (0.66 wireless surcharge)
 - North Carolina – Per statute, formula is revised each year (0.65 wireless surcharge)
 - Ohio – Surcharge is calculated and distributed by the Ohio Department of Taxation (0.25 wireless surcharge)
- Pennsylvania (\$1.65 wireless surcharge)
 - Methodology has undergone a series of revisions since 2015
 - New formula effective 1/1/2024
 - 65% based on average quarterly payments from 2021 and 2022
 - 30% based population
 - 2.5% based on population density
 - 2.5% based on square miles of counties

NEXT STEPS

- ISP is in the process of obtaining formula information from GA and NC
- ISP is in the process of obtaining a contact from the Ohio Department of Taxation to determine its surcharge formula
- Crowe is currently focusing on modeling Pennsylvania's distribution formula with Illinois' data
 - Complexity due to number of components required compared to other methodologies (CT, KT, MN)
 - Population statistics are being verified
 - Prior years (2022 and 2021) distribution amounts also used to model PA formula
- AFR Analysis
 - Adjustment calculations in review