

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0588-01
Bill No.: SB 119
Subject: Administration, Office of; Public Safety Department; Telecommunications;
 Taxation and Revenue - General
Type: Original
Date: January 27, 2009

Bill Summary: This proposal authorizes the imposition of a fee on wireless phone services to fund enhanced 911 services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
911 Emergency Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Office of Administration	0 FTE	0 or 2 FTE	0 or 2 FTE
Total Estimated Net Effect on FTE	0 FTE	0 or 2 FTE	0 or 2 FTE

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Revenue, Department of Public Safety's Director's Office, Administrative Hearing Commission** and the **Department of Economic Development** assume that there is no fiscal impact from this proposal.

Officials at the **Budget and Planning** assume this proposal establishes, upon voter approval, a 25-cent monthly fee per wireless phone number to be deposited into the Wireless Service Provider Enhanced 911 Service Fund, with expenditures dedicated to the implementation of wireless 911 services.

According to information supplied by the Missouri Telecommunications Industry Association, there are approximately 270 million wireless phones in use nationally. The MTIA has no data to show which phones are in use by individuals or by businesses. BAP notes that MO has about 1.9% of the US population, and about 2.0% of US business establishments, according to the US Census Bureau. BAP assumes 2.0%, or 5.4 million wireless phone numbers may be in use in Missouri. Therefore, at \$0.25 per month, this fee might generate \$16.2 million annually for the designated fund.

This proposal will have no impact on general or total state revenues.

Officials at the **Office of Administration's Information Technology Services Division** assume fees collected for wireless services shall be deposited in the State's 911 Emergency Fund. Monies in this fund will then be used for implementing a statewide wireless 911 system. The 911 Emergency Fund will be administered by the Office Of Administration .

Staff (two FTE's) will need to establish guidelines and rules, review progress of local projects, meet with counties and establish standards, and decide on grantees. Staff will need to work with service providers, counties, other state agencies, and equipment providers to ensure a seamless and comprehensive Statewide 911 Emergency Network that assures Missouri citizens the emergency services envisioned by this legislation.

Oversight assumes that the Office of Administration will not need additional staff nor will this legislation effect state revenue until this proposal is voted on and adopted by the people. If approved by the people then the 911 Fund would collect money beginning in January 2011. Oversight assumes that the money collected each year will be expended. Therefore, the net effect of this proposal is zero.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the **Office of the Secretary of State (SOS)** assume each year a number of bills are considered by the General Assembly that would require statewide elections to allow the voters to decide the issues in the legislation. State statutes require that SOS's is provided with \$4.3 million in general revenue core funding to handle such special elections. The appropriation had historically been an estimated appropriation because the final cost each year is dependent upon the number of special elections required to fill vacant legislative seats and the number of ballot measures approved by the General Assembly. However, in recent years an estimated appropriation has only been provided in presidential primary years. Therefore, the Secretary of State's office assumes for the purposes of this fiscal note that it should have the full appropriation authority it needs to meet these special election costs. However, we reserve the right to request funding if needed to meet these mandatory requirements.

Oversight assumes this proposal will be voted on at the next regularly scheduled general election rather than at a special election.

<u>FISCAL IMPACT - State Government</u>	FY 2010	FY 2011 (6 months)	FY 2012
911 EMERGENCY FUND			
<u>Revenue</u> - 25 cent fee collected per month on cell phone owners	\$0	\$0 or \$8,100,000	\$0 or \$16,200,000
<u>Costs</u> - OAITSD			
Personal Service	\$0	\$0 or (\$35,282)	\$0 or (\$72,679)
Fringe Benefits	\$0	\$0 or (\$17,158)	\$0 or (\$35,344)
Equipment and Expenses	<u>\$0</u>	<u>(\$3,434)</u>	<u>\$0</u>
<u>Total Costs</u> - OAITSD	\$0	\$0 or (\$55,874)	\$0 or (\$108,023)
FTE Change - OAITSD	0 FTE	2 FTE	2 FTE
<u>Transfer Out</u> - reimbursement of actual expenditures for implementation of wireless enhanced 911 service			
	<u>\$0</u>	\$0 or <u>(\$8,044,126)</u>	\$0 or <u>(\$16,091,977)</u>
ESTIMATED NET EFFECT ON 911 EMERGENCY FUND			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on 911 Emergency Fund	0 FTE	0 or 2 FTE	0 or 2 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that own cell phones would be expected to pay the fee each month.

FISCAL DESCRIPTION

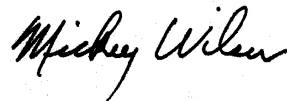
Under current law, the Office of Administration is authorized to distribute funds from the wireless service provider enhanced 911 service fund to wireless service providers and public safety answering points based upon a formula established by the Office of Administration. Such formula may be based upon a variety of factors, but at least ten percent of the funds must be distributed equally to all public safety answering points in the state. This act requires the Office of Administration and the Director of the Department of Public Safety or his or her designee to establish the formula; removes the requirement that at least ten percent of the funding be distributed equally among all public safety answering points in the state; and limits the number of public safety answering points which may receive funding based upon the classification of the county in which they are located.

This act also authorizes the Office of Administration, upon voter approval, to establish a fee of up to twenty-five cents per month on every wireless telephone number to fund wireless enhanced 911 services.

This legislation is federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of the Secretary of State
Department of Economic Development
Administrative Hearing Commission
Department of Public Safety's Director's Office
Budget and Planning
Office of Administration's Information Technology Services Division



Mickey Wilson, CPA
Director

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