

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5953-01  
Bill No.: SB 872  
Subject: Counties; Emergencies; Health Care Professionals; Health Department;  
 Telecommunications  
Type: Original  
Date: March 25, 2014

Bill Summary: This proposal would modify provisions relating to emergency communication services.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	Unknown to (More than \$200,000)	Unknown to (More than \$100,000)	Unknown to (More than \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>Unknown to (More than \$200,000)</b>	<b>Unknown to (More than \$100,000)</b>	<b>Unknown to (More than \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Missouri 911 Service Trust*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Offsetting revenues and transfers out. This fund would be renamed from current "Wireless Service Provider Enhanced 911 Service Fund"

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§190.300, 190.308, 190.400, 190.420, 190.450, 190.451 Emergency Services Dispatch Fee:

Officials from the **Department of Revenue (DOR)** assume this proposal would authorize a monthly fee on devices capable of contacting 911. The proposal would require DOR to collect the fee, less one percent for the cost of collection. The monthly fee would not be imposed on prepaid wireless telecommunications services.

Beginning January 1, 2015, the proposal would impose a service charge on retail sales of prepaid wireless services for emergency services. The seller would be required to collect the service charge from the customer and remit the service charge to DOR; DOR would develop registration and payment procedures. During the month of January 2015, the seller would retain 100 percent of the service charges collected; thereafter, the seller would retain two percent of service charges collected.

#### Administrative Impact:

DOR officials assume this proposal would create a new monthly fee that DOR would be required to collect. The fee would require DOR to develop new reporting forms, and a program to track collections by counties and distribute the revenue on a monthly basis.

DOR officials also assume the proposal would create a prepaid wireless service charge based on a percentage of the retail transaction. The fee would require DOR to develop new reporting forms, and a program to track and distribute receipts based on how sales tax is currently administered.

DOR officials did not indicate an administrative cost for this proposal, and **Oversight** assumes any cost could be absorbed with existing resources.

ASSUMPTION (continued)

Integrated System Changes:

DOR officials stated there would be a cost to the General Revenue Fund between \$350,000 and \$500,000 for changes required in the Revenue Solutions, Inc. contract. In order to establish a new tax type including registration, accounting, billing, refunding, correspondence, forms, rules, and testing DOR officials provided an estimate of 2,500 and 4,000 hours of additional programming at a cost of \$500,000 and \$800,000.

**Oversight** will include a cost of more than \$100,000 for the one-time costs of DOR updating its computer systems for the requirements of this proposal.

Officials from the **Missouri Highway Patrol** stated the Patrol has 1,553 mobile devices capable of contacting 911. If \$1.50 was charged per device, the monthly cost to the Patrol would be approximately  $(1,553 \times \$1.50) = \$2,329.50$  per month and  $(\$2,329.50 \times 12) = \$27,954$  per year. For purposes of this fiscal note, the Patrol will show the three funds that would have the most significant impact.

Highway Fund	$((\$2,329.50 \times 84\%) = \$1,956.78 \times 12) =$	\$23,481
General Revenue Fund	$((\$2,329.50 \times 13\%) = \$302.83 \times 12) =$	\$3,634
Criminal Records	$((\$2,329.50 \times 3\%) = \$69.88 \times 12) =$	\$839

Mobile device fee - state government impact

**Oversight** assumes numerous state agencies have mobile devices capable of contacting 911, and assumes all of those devices would be charged the fee. Oversight assumes the fees would come out of several different state funds but does not have information on all the agencies which would be obligated to pay the fees or which funds the payments would be processed from. For the sake of simplicity, Oversight will include in this fiscal note a cost to the General Revenue Fund greater than \$100,000 for this fee.

ASSUMPTION (continued)

Local option fee for emergency services

**Oversight** assumes §190.450 of this proposal would allow local governments to submit a proposition to the voters authorizing a charge on any instrument capable of contacting 911, in lieu of a property tax levy or a sales tax. A local government would have election costs due to the decision by the governing body to submit that proposition to the voters. For fiscal note purposes, Oversight will indicate election costs in a range from \$0 (no local government elections) to Unknown (one or more local governments hold an election).

**Oversight** will also include additional revenues in a range from \$0 (no local government elections) to Unknown (one or more local governments hold an election) to the (renamed) Missouri 911 Service Fund, which would then be transferred to those local governments which have approved ballot issues. Further, Oversight will assume that increased local government revenues would exceed election costs for those local governments in which the proposition is submitted to the voters.

**Oversight** assumes §190.451 of this proposal would create a statewide tax on prepaid wireless communication services, as defined in the proposal, to provide funding for 911 services. Oversight assumes this provision would extend a fee, or tax, over a broader range of telecommunications services than is currently the case. Accordingly, Oversight will include an unknown increase in revenue in the (renamed) Missouri 911 Service Fund for the additional revenue. The additional revenue would then be allocated and transferred to local governments. Oversight assumes this proposal could become effective as early as August, 2014 (FY 2015).

**Oversight** will include unknown additional revenue for the General Revenue Fund for the 1% collection charge which would apply to fees collected under §§190.450 and 190.451.

§§650.320, 650.325, 650.330, 650.340 Missouri 911 Service Board:

**Oversight** assumes this part of the proposal would make changes to the membership of the Missouri 911 Service Board; the changes would not appear to have a fiscal impact.

ASSUMPTION (continued)

Bill as a Whole

Officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office 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, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Officials from the **Joint Committee on Administrative Rules** assume this proposal would not have a fiscal impact to their organization in excess of existing resources.

Officials from the **Office of State Treasurer**, the **Department of Economic Development - Public Service Commission** and **Office of Public Counsel**, the **Department of Health and Senior Services**, the **City of Jefferson City**, the **City of Kansas City**, the **Springfield Police Department**, and the **St. Louis County Directors of Elections** assume there would be no fiscal impact to their respective organizations if this proposal was implemented.

Officials from the **City of Springfield**, **Cole County**, the **Columbia Police Department**, and the **Jefferson City Police Department** assumed similar language in HB 1573 LR 4151-01 would have no fiscal impact on their organizations.

Not responding

Officials from the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Louis, St. Francois, Taney, Warren, Wayne and Worth did not respond to our request for information.

ASSUMPTION (continued)

Officials from the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O’Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE FUND</b>			
<u>Additional Revenue - DOR</u>			
Collection fees §§190.450 & 190.451	Unknown	Unknown	Unknown
<u>Cost - DOR</u>			
Computer updates for collection and distribution of fees §§190.450 & 190.451	(More than \$100,000)	\$0	\$0
<u>Cost - State Agencies</u>			
Mobile device 911 access fees §§190.450 & 190.451	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>Unknown to (More than <u>\$200,000</u>)</b>	<b>Unknown to (More than <u>\$100,000</u>)</b>	<b>Unknown to (More than <u>\$100,000</u>)</b>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
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**MISSOURI 911 SERVICE TRUST  
 FUND \***

Additional Revenue - DOR

Mobile device 911 fees \$190.450	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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Additional Revenue - DOR

Prepaid wireless service 911 fees \$190.451	Unknown	Unknown	Unknown
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<u>Transfers out - Local Governments</u> \$190.450	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)
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<u>Transfers out - Local Governments</u> \$190.451	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON    MISSOURI 911 SERVICE TRUST    FUND *</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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\* Renamed from "Wireless Service Provider Enhanced 911 Service Fund"



<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>LOCAL GOVERNMENTS</b>			
<u>Transfers in</u> - Missouri 911 Service Trust Fund \$190.451	Unknown	Unknown	Unknown
<u>Transfers in</u> - Missouri 911 Service Trust Fund \$190.450	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost</u> - Local Governments Elections \$190.450	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>

FISCAL IMPACT - Small Business

This proposal could have a fiscal impact to small businesses involved in emergency communications services, and to small businesses which use wireless devices capable of contacting 911.

FISCAL DESCRIPTION

This proposal would change the name of the Wireless Service Provider Enhanced 911 Service Fund to the Missouri 911 Service Trust Fund and would repeal provisions creating the "Wireless Service Provider Enhanced 911 Advisory Board".

ASSUMPTION (continued)

This proposal would allow a county or the City of St. Louis to impose, upon voter approval, a monthly fee up to \$1.50 on any device capable of contacting 911, except for prepaid customers, in lieu of a telephone service tax or a countywide sales tax. The fee would be paid into the Missouri 911 Service Trust Fund and one percent fees collected by the Department of Revenue would be paid into the state General Revenue Fund to cover the cost of collecting the fee. The Department of Revenue would remit fees collected to the county or city on a monthly basis. Third and fourth class counties could not submit the fee for voter approval unless the county has taken certain actions regarding the consolidation of services.

This proposal would create a prepaid wireless emergency service charge, beginning January 1, 2015, on each purchase of prepaid service. The service charge would be three percent of the purchase unless the amount of service purchased is fewer than 10 minutes or the cost is \$5 or less, in which case the seller could elect not to apply the charge. For the month of January, 2015, the seller could retain 100 percent of the charges collected; beginning February 1, 2015, the seller could retain two percent of the charges collected. The Department of Revenue would deposit fees collected into the Missouri 911 Service Trust Fund within 30 days of receipt but could retain up to one percent of the charges to reimburse for the costs of administering and collecting the charges.

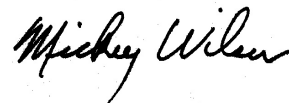
Ten percent of fees collected would be dedicated to the Missouri Regional Poison Information Center, up to a limit of \$1 million a year.

This proposal would change the name of the Advisory Committee for 911 Service Oversight to the Missouri 911 Service Board and would reduce the board from sixteen members to twelve. Members currently serving on the committee would continue the remainder of their terms. The proposal would also modify the membership interests and the duties of the board.

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

SOURCES OF INFORMATION

Office of the Secretary of State  
Office of the State Treasurer  
Joint Committee on Administrative Rules  
Department of Economic Development  
    Public Service Commission  
    Office of Public Counsel  
Department of Health and Senior Services  
Missouri Highway Patrol  
Department of Revenue  
City of Jefferson City  
City of Kansas City  
Springfield Police Department  
St. Louis County Directors of Elections



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March 25, 2014