

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1832-02  
Bill No.: SCS for SB 409  
Subject: Business and Commerce; Cities, Towns, and Villages; Counties; Emergencies;  
 Fees; Political Subdivisions; Telecommunications  
Type: Original  
Date: April 20, 2015

Bill Summary: This proposal would modify provisions relating to emergencies.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$708,629 to \$1,008,629)	(\$209,095)	(\$200,038)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$708,629 to \$1,008,629)</b>	<b>(\$209,095)</b>	<b>(\$200,038)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
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 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

This proposal would make changes to a number of provisions regarding emergency communications services at the state and local government level.

In response to a previous version of this proposal officials from the **Department of Revenue (DOR)** assumed the proposal would authorize a monthly fee on devices capable of contacting 911, including St. Louis City. The proposal would require DOR to collect this fee, less two percent withheld by the provider for administration and one percent for the Department for the cost of collection. This fee would not be imposed on customers of prepaid wireless telecommunications services. No county could submit a proposal to the voters unless certain conditions are met.

### Administrative Impact

This would be a new fee that DOR would be required to collect. The new fee would require new reporting forms and a new program to track collections by counties and to distribute the revenue on a monthly basis.

### Integrated System Changes

In order to establish a new tax type including registration, accounting, billing, refunding, correspondence, forms, rules, and testing, results in a total estimated cost between \$500,000 and \$800,000.

**Oversight** assumes the Department of Revenue estimate of IT cost to implement this proposal is the best available and will use it in this fiscal note.

ASSUMPTION (continued)

Business Tax

DOR officials stated the reporting requirements for the new fees would appear to be similar to sales and use tax, and assume Business Tax would require three additional Revenue Processing Technicians I for data entry, pre-edit, and error correction.

DOR officials stated the Department maintains a centralized database which it makes available to the 911 Service Board. The database provides the current monthly fee or tax imposed by counties or cities under provisions of Sections 190.282, 190.305, 190.325, 190.335 or 190.450. The proposal would require the database be updated at least 60 days before the effective date of the proposal.

**Oversight** assumes that the earliest any fee could be imposed is January 1, 2016, and, therefore DOR would have to update the database by November 1, 2015 at the earliest.)

The DOR response included an estimated cost to implement this proposal including three additional employees and the related salaries, benefits, equipment, and expense totaled \$122,522 for FY 2016, \$126,130 for FY 2017, and \$127,440 for FY 2018.

**Oversight** assumes the DOR estimate of expense and equipment cost for the new FTE could be overstated. If DOR is able to use existing desks, file cabinets, chairs, etc., the estimate for equipment could be reduced by roughly \$6,000 per new employee.

**Oversight** notes this proposal does not have a specific effective date and assumes the proposed additional fees could become effective as soon as August 28, 2015. Oversight has no information as to the number of instruments which might be subject to the proposed fee but assumes the DOR estimate of staff required to process the revenues is the best available and will use that estimate, as adjusted, in this fiscal note.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the additional employees to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has also adjusted the DOR estimate of equipment and expense in accordance with OA budget guidelines. Finally, Oversight assumes a limited number of additional employees could be accommodated in existing office space.

ASSUMPTION (continued)

In response to a similar proposal (HB 714 LR 1044-01), officials from the **Department of Public Safety - Missouri Highway Patrol** assumed the Patrol has 1,553 mobile devices capable of contacting 911. If a rate of \$1.50 was charged per device, the fiscal impact per month to the Patrol would be approximately \$2,329.50 (1,553 x \$1.50) or \$27,954 per year (\$2,329.50 x 12). For purposes of this fiscal note, the Patrol will show the three funds that will 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 ( $\$2,329.50 \times .03$ ) =  $\$69.88 \times 12$  = \$839

**Oversight** assumes that numerous state agencies have mobile devices capable of contacting 911 and those devices would be charged the fee. Those fees would come out of numerous state funds. For simplicity, Oversight will include a cost to General Revenue of More than \$100,000 for agencies paying this fee.

**Oversight** also notes the 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 sales tax. A local government would have election costs due to the decision by the governing body to submit that proposition to the voters.

In this fiscal note, **Oversight** will include 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.

ASSUMPTION (continued)

**Oversight** also notes 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, 2015 (FY 2016).

For simplicity, **Oversight** will not include additional revenue for the General Revenue Fund for the 1% Department of Revenue collection charge.

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

In response to a previous version of this proposal, officials from the **Office of the Secretary of State (SOS)** stated 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 greater than 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 **Office of the Cole County Sheriff** assume this proposal would have a minimal impact to their organization.

Officials from the **Office of the State Auditor**, the **Office of the State Treasurer**, the **Department of Economic Development**, **Callaway County**, the **City of Kansas City**, the **Springfield Police Department**, the **Jackson County Election Board**, the **Platte County Board of Elections**, the **St. Louis County Directors of Elections**, and the **St. Louis County Board of Elections** assume this proposal would have no fiscal impact on their organizations.

ASSUMPTION (continued)

Officials from **St. Louis County** provided a response to a previous version of this proposal but did not indicate a fiscal impact to their organization.

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.

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.

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, Jefferson City, 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 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE FUND</b>			
<u>Cost - DOR</u>			
Computer updates for collection of monthly fee	(\$500,000 to \$800,000)	\$0	\$0
<u>Cost - Department of Revenue</u>			
Salaries	(\$59,100)	(\$71,092)	(\$71,629)
Benefits	(\$30,144)	(\$36,173)	(\$36,534)
Equipment and expense	<u>(\$19,385)</u>	<u>(\$1,830)</u>	<u>(\$1,875)</u>
Total	(\$108,629)	(\$109,095)	(\$110,038)
FTE change - DOR	3 FTE	3 FTE	3 FTE
<u>Cost - State Agencies -</u>			
mobile device 911 fee	(More than <u>\$100,000</u> )	(More than <u>\$100,000</u> )	(More than <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON</b>			
<b>GENERAL REVENUE FUND</b>			
	<b>(\$708,629 to <u>\$1,008,629</u>)</b>	<b><u>(\$209,095)</u></b>	<b><u>(\$210,038)</u></b>
<u>Estimated Net FTE Effect on General</u>			
Revenue Fund	3 FTE	3 FTE	3 FTE



<u>FISCAL IMPACT - State Government</u> (continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018
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**MISSOURI 911 SERVICE TRUST  
 FUND \***

<u>Additional Revenue - DOR</u> Local government 911 fees	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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<u>Additional Revenue - DOR</u> State government fees	Unknown	Unknown	Unknown
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<u>Transfers out - Local Governments</u> Local government fees	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)
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<u>Transfers out - Local Governments</u> State government fees	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON  
 MISSOURI 911 SERVICE TRUST  
 FUND \***

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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\* Renamed from "Wireless Service Provider Enhanced 911 Service Fund"

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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**LOCAL GOVERNMENTS**

<u>Transfers in</u> - Missouri 911 Service Trust Fund	Unknown	Unknown	Unknown
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<u>Transfers in</u> - Missouri 911 Service Trust Fund	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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<u>Cost</u> - Local Governments - Election costs	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
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FISCAL IMPACT - Small Business

This proposal could have a fiscal impact to small businesses involved in emergency communications services or which use devices that would be subject to the emergency services access fee.

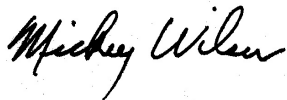
FISCAL DESCRIPTION

This proposal would change the laws regarding emergency communications services and the Advisory Committee for 911 Service Oversight, impose a statewide prepaid wireless emergency telephone service charge, and repeal the provisions regarding the Wireless Service Provider Enhanced 911 Advisory 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 State Treasurer  
Joint Committee on Administrative Rules  
Department of Economic Development  
Department of Public Safety  
Department of Revenue  
City of Kansas City  
Callaway County  
St. Louis County  
Jackson County Election Board  
Platte County Board of Elections  
St. Louis County Directors of Elections  
Office of the Cole County Sheriff  
Springfield Police Department



Mickey Wilson, CPA  
Director  
April 20, 2015

Ross Strobe  
Assistant Director  
April 20, 2015