

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1139-09  
Bill No.: Truly Agreed To and Finally Passed SS for SCS for SB 291  
Subject: Cities, Towns and Villages; Counties; County Government; Emergencies;  
 Department of Revenue; Taxation and Revenue - General; Taxation and Revenue  
 - Sales and Use; Telecommunications  
Type: Original  
Date: July 1, 2019

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 10 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</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 2020</b>	<b>FY 2021</b>	<b>FY 2022</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 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Local Government</b>	<b>(\$4,450,000)</b>	<b>(Unknown greater than \$4,450,000) to Unknown</b>	<b>(\$4,450,000) to Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume this has no direct fiscal impact on B&P, has no direct impact on General and Total State Revenue nor does it impact the calculation pursuant to Article X, Section 18(e).

Officials at the **Department of Economic Development** and the **Public Service Commission** each assume there is no fiscal impact from this proposal.

Officials at the **Department of Revenue (DOR)** assume section 190.460 states that beginning January 1, 2019, a three percent service charge on prepaid wireless emergency telephone retail transactions is imposed. However, a seller may elect to not apply such service charge on a sale of less than fifteen dollars. This section changes the minimal requirement amounts from fifteen dollars to five dollars, or a sale of ten minutes or less. This section also states that the first fifteen dollars of a retail sale shall not be subject to the service charge.

This section states that any sale of a prepaid wireless telecommunications service that is sold with one or more products or services, the prepaid wireless emergency telephone service charge shall be applied to the entire, non-itemized price unless the seller elects to disclose the amount of the prepaid wireless telecommunications service, or if the seller can identify the portion of the price that is attributable to the prepaid wireless telecommunications service by reasonable and verifiable standards from the sellers books and records.

This section states that the Director of Revenue shall perform all functions incident to the administration, collection, enforcement, and operation of the service charge. The Director of Revenue shall report the service charges collected, in addition to all other taxes collected. All applicable provisions of 144.010 to 144.525 shall apply to the collection of the service fee.

This section states that any county or city which prohibited the prepaid wireless emergency telephone service charge may take a vote of their governing body at least 45 days prior to August 28, 2018, and notify the Department of Revenue of the result of such vote, by November 15, 2019, to impose such charge on January 1, 2020. A vote of at least two-thirds is required to impose such charge. The Department shall notify the Missouri 911 Service Board of these changes by December 1, 2019. This section changes the expiration date from January 1, 2023 to January 1, 2024.

The Department believes this proposed legislation is clarifying language for SS SCS HCS HB 1456 that was TAFP 2018. All administrative impacts were included in the fiscal note response

ASSUMPTION (continued)

for HB 1456 (2018). The Department assumes an unknown positive impact from this legislation. Minimal data is available regarding mobile wireless communication in the State of Missouri.

DOR notes in §190.335 that currently, any county that has authorized a tax levy under this section, and such tax is reduced automatically in future years, is prohibited from submitting to the voters a proposal authorized under this section to be approved that is greater than the amount of the reduction. This section removes that provision for Cass County.

**Oversight** notes that §190.335 would prohibit a tax increase once the tax has been reduced in future years. However, this proposal also exempts Cass County from this provision.

Officials from **Cass County Emergency Services Board** informed Oversight that they passed a half cent sales tax in 2013 with a roll back clause once the debt was paid. The tax will roll back to one-eighth of one percent starting October 1, 2019 as the debt is paid. They provided the following amounts they have collected from the sales tax.

9-1-1 Sales Tax Collected  
2012 \$ 373,511.80  
2013 \$4,582,403.47  
2014 \$5,300,785.53  
2015 \$5,570,048.79  
2016 \$5,861,159.33  
2017 \$5,940,325.13  
2018 \$6,123,253.59  
2019 \$3,079,904.17 \* year to date  
2020 \$1,539,952.09 Projected

**Oversight** assumes that since the sales tax is already rolled back this proposal would not fiscally impact them.

**Oversight** notes that §190.327 would limit the sales tax collected for emergency services for Jefferson County to one quarter of one percent.

Officials with the **Jefferson County 9-1-1 Dispatch** provided the following information regarding their emergency services sales tax.

The voters of Jefferson County approved a ½ cent sales tax on April 7, 2009 for Jefferson County 9-1-1 Dispatch. The sales tax of one-half (1/2) of one percent (1%) was to be collected for a

ASSUMPTION (continued)

period of ten (10) years at which time said sales tax shall be reduced to one-quarter (1/4) of one percent (1%).

The sales tax is for the purpose of providing emergency telephone service, (9-1-1), central dispatching of fire protection, law enforcement agencies, emergency ambulance service or any other emergency services including the operational costs associated with the maintenance of communications and emergency equipment. Jefferson County 9-1-1 Dispatch is a standalone political subdivision.

One quarter (1/4) of the sales tax was set to expire on September 30, 2019. On April 2, 2019, Prop 9-1-1 was placed on the ballot asking voters to keep the tax from rolling back. The voters of Jefferson County approved for Jefferson County 9-1-1 Dispatch to continue to implement and receive the one-quarter (1/2) of one percent sales tax originally approved by the voters in 2009. Historically Jefferson County 9-1-1 Dispatch has collected the one-half (1/2) sales tax, which generates approximately \$8,900,000 annually. Sales tax revenue for the year of 2018 was \$8,946,354.57. We anticipate to collect the one-half (1/2) cent sales tax for the 2019 year and beyond collecting approximately \$8,900,000 annually.

SB 291 proposal would definitely have a direct impact on Jefferson County 9-1-1 Dispatch as it would require that this tax be no more than 1/4. The restraints being placed on our sales tax collection would be detrimental to our agency, as they would cut our funding in half.

SB291 also addresses the pre-paid wireless service charge. These funds will not be remitted to the Jefferson County 9-1-1 Dispatch's Emergency Service Board; as Senate Bill 291 directs these funds to the County for purposes other than 911. Since this is a new charge and Jefferson County 9-1-1 Dispatch has never collected this revenue, it will not directly affect our operating budget, however, these funds could have assisted our agency in implementing necessary, lifesaving technology upgrades.

**Oversight** notes that §190.455 requires Jackson County to place before the voters no later than the general election in 2020 the question of the assessment of a fee on communication services. Oversight notes this would result in additional election costs for the ballot issue. Oversight will show the ballot costs as Unknown in FY 2021 (November 2020 election).

**Oversight** did not receive information from Jackson County regarding this proposal. Oversight is unsure if the ballot measure would pass and the fee implemented. Oversight will show the impact as \$0 (not approved by voters) to Unknown could exceed \$100,000 if implemented.

ASSUMPTION (continued)

**Oversight** notes that §190.460 clarifies the prepaid wireless fee that was implemented under HB 1456 (2018). All administrative costs were shown in the fiscal note for that proposal and therefore, Oversight will not show additional impact under this proposal.

**Oversight** notes that §650.330 expands the responsibilities of the Missouri 911 Services Board and requires certain financial records be maintained. Oversight assumes this can be done in the ordinary course of business and would not have an additional fiscal impact.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other counties were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to [www.legislativeoversight.mo.gov](http://www.legislativeoversight.mo.gov).

<u>FISCAL IMPACT - State Government</u>	FY 2020	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020	FY 2021	FY 2022
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**POLITICAL SUBDIVISIONS**

<u>Loss</u> - §190.327 Cap Jefferson County fee at 1/4 instead of 1/2	(\$4,450,000)	(\$4,450,000)	(\$4,450,000)
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<u>Cost</u> - Jackson County Election for communication fee §190.455	\$0	(Unknown)	\$0
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<u>Revenue</u> - §190.455 Jackson County fee for emergency services	<u>\$0</u>	<u>\$0 or Unknown over \$100,000</u>	<u>\$0 or Unknown over \$100,000</u>
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<b>ESTIMATED NET EFFECT TO POLITICAL SUBDIVISIONS</b>	<u>(\$4,450,000)</u>	<u>(Unknown greater than \$4,450,000) to Unknown</u>	<u>(\$4,450,000) to Unknown</u>
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### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### FISCAL DESCRIPTION

This act modifies provisions relating to emergency communication services.

Current law prohibits any county that has a county sales tax for the central dispatch of emergency services that is automatically reduced in future years from submitting for voter approval any proposal greater than the reduced amount. Under this act, any county that authorized a tax levy for certain emergency services prior to January 1, 2012, and such levy is reduced automatically after approval of such levy, shall not submit for voter approval any proposal greater than the reduced amount.

Under the act, the Jefferson County 911 Board shall not set a tax rate greater than 0.25% for the purposes of emergency services or providing central dispatching for emergency services. Additionally, for the Jefferson County 911 Board, funds collected from the prepaid wireless emergency telephone service charge shall be remitted to the county's general fund for the purpose of public safety infrastructure.

The act requires Jackson County to submit to the voters of the county no later than the general election in 2020 the question of whether to impose a monthly fee of up to \$1 on a subscriber of a communications service enabled to contact 911, except for prepaid service, in lieu of a telephone service tax or a countywide sales tax.

The act adds language that the prepaid wireless emergency telephone service charge on retail transactions applies to purchases that provide prepaid wireless telecommunications services.

The prepaid wireless telecommunications service charge shall not apply to the first \$15 of a retail transaction for prepaid wireless telecommunications service.

When prepaid wireless telecommunications service is sold with one or more products or services for a single, non-itemized price, the service charge shall apply to the entire non-itemized price unless the seller elects to apply such service charge as allowed in the act. The first \$15 of such a transaction shall not be subject to the prepaid wireless telecommunications service charge.

The Director of the Department of Revenue shall perform all functions incident to the administration, collection, enforcement, and operation of the service charge, and the Director

FISCAL DESCRIPTION (continued)

shall collect all services charges imposed by the act. Such service charges shall be collected and reported with all taxes imposed under the sales tax law of the state.

The act states that the initial percentage rate of the prepaid wireless emergency telephone service charges deposited in the Missouri 911 Service Trust Fund as set by the Missouri 911 Service Board for counties and the city of St. Louis may be adjusted annually for the first 3 years, and thereafter the rate may be adjusted every 3 years. Current law states that the rate may be adjusted every two years. Such rate shall be set by June 30th of each applicable year.

If a county has an elected emergency services board, the Missouri 911 Service Board shall remit funds collected from the prepaid wireless emergency telephone service charge to the elected emergency services board.

Any county or city which by at least a 2/3 vote of their governing body prohibited the prepaid wireless emergency telephone service charge at least 45 days prior to August 28, 2018, may take a vote, and notify the Department of Revenue of the result of such vote, by November 15, 2019, to impose such charge on January 1, 2020. A 2/3 majority vote is required to impose such charge. The Department shall notify the Missouri 911 Service Board of notices received by December 1, 2019.

Currently, certain provisions of law relating to the prepaid wireless emergency telephone service charge expire on January 1, 2023. This act repeals the sunset provision.

If a court of competent jurisdiction issues a declaratory ruling prior to the effective date of section 190.462 that emergency services taxes imposed in certain counties are preempted by the prepaid wireless emergency telephone service charge on all retail sales subject to sales tax in a taxing jurisdiction that did not opt out of the collection of the prepaid wireless emergency telephone service charge, a seller or general retailer who collected and remitted the emergency services tax in such situation shall not be required to refund such taxes to taxpayers. All requests for refunds by taxpayers shall be made directly to the taxing jurisdiction.

These provisions apply to taxes collected between January 1, 2019, and the first day of the calendar month following the declaratory ruling.

Further, if a court of competent jurisdiction issues a declaratory ruling prior to the effective date of section 190.462 that emergency services taxes imposed in certain counties are preempted by the prepaid wireless emergency telephone service charge only on sales of prepaid wireless telecommunications services in a taxing jurisdiction that did not opt out of the collection of the



FISCAL DESCRIPTION (continued)

prepaid wireless emergency telephone service charge, a seller or general retailer who did not collect emergency services taxes in certain counties on the retail sale of wireless telecommunications service and wireless devices associated with such service shall not be liable for any assessment or incur any other liability on such uncollected taxes.

These provisions apply to assessments for the period beginning January 1, 2019, and ending on the first day of the calendar month following the declaratory ruling. These provisions shall expire on January 1, 2023.

The Missouri 911 Service Board is required to establish an annual budget, retain records of all revenue and expenditures made, retain minutes of all meetings and subcommittees, and post records, minutes, and report's on the Board's web page on the Department of Public Safety website.

Finally, the act modifies the rule-making authority of the Missouri 911 Service Board.

This act contains an emergency clause.

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

Cass County Emergency Services Board  
Department of Economic Development  
Department of Revenue  
Jefferson County 9-1-1 Dispatch  
Office of Administration Division of Budget and Planning  
Public Service Commission



Kyle Rieman  
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