

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6107S.01I
 Bill No.: SB 1481
 Subject: Emergencies; Taxation and Revenue - General; Telecommunications
 Type: Original
 Date: February 17, 2026

Bill Summary: This proposal modifies provisions relating to wireless emergency telephone service charges.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Missouri 911 Service Trust Fund (1854)	Could exceed \$399,588	Could exceed \$959,012	Could exceed \$959,012
Total Estimated Net Effect on <u>Other</u> State Funds	Could exceed \$399,588*	Could exceed \$959,012	Could exceed \$959,012

*Oversight notes the fiscal impact for FY 2027 is lesser because FY2027 is a partial year (5 months).

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§190.460 - Wireless Emergency Telephone Service Charges

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would increase the surcharge applied to pre-paid wireless services. B&P notes that currently the surcharge is 3% of the retail price. This proposal would increase the surcharge to 4% beginning January 1, 2027. This proposal would also remove the \$15 exemption for each retail sale.

For calendar year 2025, DOR collected \$2,877,037 in surcharge fees (3%) on pre-paid wireless services. Based on this information, an additional 1% fee would generate \$959,012 per year.

Using revenue generated by the existing pre-paid wireless surcharge and a monthly cell phone surcharge, B&P estimates that the average pre-paid wireless service costs approximately \$30.14 per month, post \$15 exemption. However, as noted above, this proposal would remove the \$15 per transaction exemption. Therefore, B&P estimates that the average retail monthly cost for pre-paid services in Missouri is about \$45.14 per month. Using this information, B&P estimates that a 4% surcharge (with no \$15 exemption) could generate \$5,745,292 in revenue each year. Accounting for \$2,877,037 already collected, this proposal could generate an additional \$2,868,255 per year.

Therefore, B&P estimates that this proposal could generate \$959,012 to \$2,868,255 per year in new revenue to the Missouri 911 Service Trust Fund.

Officials from the **Department of Revenue (DOR)** note currently, when purchasing a phone, a person pays a 3% surcharge on the price of the phone that is used to provide 911 emergency telephone service. The first \$15 of the purchase price is exempt from the surcharge. This surcharge has been collected since January 1, 2019.

This proposal starting January 1, 2027, would increase the surcharge amount to 4%. Secondly, this would remove the restriction that the first \$15 is exempt from the surcharge. Thirdly this would require the retailers to report each transaction when remitting the surcharge.

The last three years the following was collected from this surcharge.

Calendar Year	Surcharge Collected
2023	\$3,994,232
2024	\$3,633,268
2025	\$2,877,037

DOR notes that the number of cellphones sold, and their prices vary based on release dates of new phones. DOR does not maintain records of the number of cellphones sold. DOR just

receives the amount of surcharge for the phones. Based on research, DOR found the average price of a cellphone is \$287. Using that average price, DOR was able to estimate that 334,151 cellphones were sold in FY 2025.

Using the average price and the estimated number of cellphones DOR was able to estimate that an additional \$959,012 [(334,151 cellphones *\$287 average price) *1%] in revenue generated from the additional 1% surcharge. Given this proposal would begin January 1, 2026, and DOR has all sales tax and surcharges remitted one month behind collection, DOR can expect only 5 months of collection in FY 2027 which would be \$399,588.

Fiscal Year	Surcharge
2027	\$399,588
2028+	\$959,012

DOR will need to modify the department's forms (\$2,200), its website and its computer programs that handle collection and remittance of this surcharge (\$7,547). DOR will need to notify vendors by various means.

Oversight assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Oversight notes per the Department of Revenue, \$2,877,037 in surcharges were collected in 2023. Oversight assumes a 4% surcharge would generate \$3,836,049 in revenue (((\$2,877,037 / .03) * .04).

Therefore, Oversight estimates the increase of revenue generated from this proposal at approximately \$959,012 (\$3,836,049 - \$2,877,037). Oversight notes this estimate does not consider the elimination of the \$15 exemption; therefore Oversight will show an impact that could exceed the amount estimated above.

Oversight notes this proposal is effective January 1, 2027, therefore Oversight will show an impact of 5 months in FY2027.

Oversight notes according to [Missouri911.org](https://missouri911.org), all counties and the City of St. Louis have opted into the collection of the prepaid wireless surcharge with the exception of Platte County.

Officials from the **Department of Public Safety – Director's Office, Phelps County Sheriff, Branson Police Department, Kansas City Police Department, and St. Louis County Police Department** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (5 Mo.)	FY 2028	FY 2029
MISSOURI 911 SERVICE TRUST FUND (1854)			
<u>Revenue Gain</u> – (\$190.460) Increase of wireless emergency telephone service charges p. 4	Could exceed <u>\$399,588</u>	Could exceed <u>\$959,012</u>	Could exceed <u>\$959,012</u>
ESTIMATED NET EFFECT ON MISSOURI 911 SERVICE TRUST FUND (0854)	Could exceed <u>\$399,588</u>	Could exceed <u>\$959,012</u>	Could exceed <u>\$959,012</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (5 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Current law imposes a prepaid wireless emergency telephone service charge equal to three percent of the retail transaction, with the first \$15 of each transaction exempt from the charge. This act repeals the exemption for the first \$15 of each transaction and, beginning January 1, 2027, increases the service charge to four percent.

The act also requires the Director of Revenue to require a seller to report the number of retail transactions as well as the total dollar amount of each transaction and the total amount of prepaid wireless emergency telephone service charges collected.

Current law allows a seller to deduct and retain three percent of the service charges that are collected by the seller. Beginning January 1, 2027, this act increases such amount to four percent. If the Director of Revenue determines that a seller has not collected the required amount of services charges, the seller shall not be permitted to deduct and retain any amount of the services charges, nor shall the seller be permitted to deduct and retain any amount of sales taxes allowable under current law.

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

Department of Revenue
Office of Administration - Budget and Planning
Department of Public Safety – Director’s Office
Phelps County Sheriff
Branson Police Department
Kansas City Police Department
St. Louis County Police Department



Julie Morff
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February 17, 2026



Jessica Harris
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