

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-3078/1	Introduction Number SB-566	
Description State 911 telecommunications services, police and fire protection fee imposed on certain communications services, granting rule-making authority, and making appropriations		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate		
<input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input checked="" type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs	
Local:		
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate		
1. <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input checked="" type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.155, 20.835		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
PSC/ Sarah Klein (608) 266-3587	Sarah Klein (608) 266-3587	2/12/2014

Fiscal Estimate Narratives

PSC 2/12/2014

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Description State 911 telecommunications services, police and fire protection fee imposed on certain communications services, granting rule-making authority, and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

Senate Bill (SB) 566 requires the Public Service Commission (Commission) to contract for a 911 emergency telecommunications systems, reimburse communications providers for related costs and provide grants to public safety agencies for 911 service improvements. The monies collected through these new fees would provide for no more than 1 percent of the fees collected to the PSC to support contract administration and reimbursement transactions. While the promulgation of rules related to PSAP grants could be absorbed by current staff, like the Universal Service Fund program administered by the Commission, contract costs associated with a third-party program administrator, as well as continuing to contract with the Department of Revenue for their fee collection services -- currently provided for the Police and Fire Protection Fee -- will be additional costs associated with the execution of this program. Additional staff would likely need to be hired to provide the administrative and fiscal support required by SB-566. The annual 1 percent, or an estimated \$285,000, provided in the bill would offset these costs.

Currently, counties have the option to levy charges (the county option landline fee) to offset the costs of county contracts for 911 emergency telecommunications systems. SB-566 eliminates this county-based system, and instead creates a statewide \$.40 fee on all devices and requires a statewide 911 telecommunications system contract.

In 2012, the Commission estimated the collection from the 911 surcharge to be \$8.7M per year. The Commission still believes that this is a reasonable estimate of the collection from 911 surcharge. Some rural counties must pay an additional amount because the cost of the network exceeds the amount that can be raised from the 911 surcharge. The amount paid by these rural counties is presently \$702,397 per year. The annual cost of providing the current telecommunications network portion of the 911 service is the sum of these two estimates, or approximately \$9.4M per year.

Currently, the 911 surcharge does not pay for the cost of routing a wireless 911 call to the appropriate PSAP. The wireless carriers pay for the cost of receiving the call and routing the call by segregated trunks to a designated utility switching facility (Phase I costs) and the cost of determining the calling party's actual geographic location (Phase II costs). A wireless carrier recovers these costs through its monthly rate for service. A county is responsible for the cost of the routing and the trunks between the router and the PSAP, and pays this cost from its general budget.

The wireless carrier and county expenses for wireless 911 service are not reported to the Commission, so our information is based upon expenses that we reimbursed during the wireless 911 grant program. That information is now nearly 10 years old. Nonetheless, the Commission provided an estimate to the 2012 Study Committee that it could add the wireless 911 network on a state-wide basis for about 2/3 the cost of the landline 911 service, or approximately \$6M. Taken together, the Commission estimated that the cost of the 911 network that would be paid out of the 911 fund created by SB-566 to be approximately \$15M.

The most recent receipts for the Police and Fire Protection Fee are:

FY13: \$53,125,832.79

FY12: \$53,490,301.25

Anticipating a smooth transition from the P&FP fee structure to the proposed 911 fee structure, then the 911 Fund created by SB-566 would collect an estimated \$28.5M annually. The Fund would approximately budget \$15M for the 911 telecommunications network, \$3M for the 911 data support contract, the 1 percent for administrative costs to the Commission (or roughly \$285,000) and about \$10M for grants to counties and municipalities for 911 related expenses.

Long-Range Fiscal Implications

see assumption above.