

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4151-01
Bill No.: HB 1573
Subject: Emergencies; Law Enforcement Officers and Agencies
Type: Original
Date: February 5, 2014

Bill Summary: This proposal would change the laws regarding emergency communications service.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
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)
Total Estimated Net Effect on General Revenue Fund	Unknown to (More than \$200,000)	Unknown to (More than \$100,000)	Unknown to (More than \$100,000)

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

* 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 9 pages.

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

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

☐ 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	Unknown	Unknown	Unknown

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, including St. Louis City. This proposal would require DOR to collect this fee, less one percent for the cost of collection. This fee would not be imposed on customers of prepaid wireless telecommunications services. No third or fourth class county could submit a proposal to the voters unless certain conditions are met.

Administrative Impact:

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

Beginning January 1, 2015, this legislation would impose a service charge on prepaid wireless emergency telephone retail transactions. The seller would be required to collect the service charge from the customer. The seller would remit the service charge to DOR and DOR would develop registration and payment procedures under state law. During the month of January 2015, the seller would keep 100 percent of the service charges collected. Thereafter, the seller would deduct and retain two percent of the service charges collected from the consumer.

The fee would be based upon a percentage of the retail transaction. DOR would require new reporting forms, and a new program to track and distribute receipts based upon how sales tax is currently administered.

Integrated System Changes:

There would be a negative impact to the General Revenue Fund between \$350,000 and \$500,000 due to 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 the estimate is between 2,500 and 4,000 hours. This would result in a total estimated cost between \$500,000 and \$800,000.

ASSUMPTION (continued)

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** assume 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 the simplicity of the fiscal note, Oversight will include a cost to General Revenue of More than \$100,000 for agencies paying this fee.

Oversight also notes §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 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 notes that §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 §§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 and the changes would not have a fiscal impact.

Bill as a Whole

Officials from the **City of Kansas City**, the **City of Springfield**, **Cole County**, the **Columbia Police Department**, the **Department of Health and Senior Services**, the **Joint Committee on Administrative Rules**, the **Jefferson City Police Department**, the **Office of State Treasurer** and the **St. Louis County Board of Election Commission** each assume there is no fiscal impact to their respective organizations from this proposal.

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

FISCAL IMPACT - State Government
(continued)

FY 2015
(10 Mo.)

FY 2016

FY 2017

**MISSOURI 911 SERVICE TRUST
FUND ***

Additional Revenue - DOR
§190.450

\$0 to Unknown

\$0 to Unknown

\$0 to Unknown

Additional Revenue - DOR
§190.451

Unknown

Unknown

Unknown

Transfers out - Local Governments -
§190.450

(\$0 to
Unknown)

(\$0 to
Unknown)

(\$0 to
Unknown)

Transfers out - Local Governments -
§190.451

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON
MISSOURI 911 SERVICE TRUST
FUND ***

\$0

\$0

\$0

* Renamed from "Wireless Service Provider Enhanced 911 Service Fund"

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL GOVERNMENTS			
<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 - Election costs - §190.450	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

FISCAL IMPACT - Small Business

This proposal could have a fiscal impact to small businesses involved in emergency communications services.

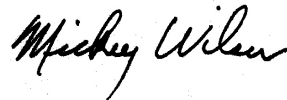
FISCAL DESCRIPTION

This bill 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

City of Kansas City
City of Springfield
Cole County
Columbia Police Department
Department of Health and Senior Services
Department of Revenue
Jefferson City Police Department
Joint Committee on Administrative Rules
Missouri Highway Patrol
Office of State Treasurer
St. Louis County Board of Election Commission



Mickey Wilson, CPA
Director
February 5, 2014

Ross Strobe
Assistant Director
February 5, 2014