

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5979H.02I
 Bill No.: HB 2767
 Subject: Telecommunications; Emergencies; Political Subdivisions
 Type: Original
 Date: March 3, 2026

Bill Summary: This proposal modifies provisions governing prepaid 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 \$719,259	Could exceed \$959,012	Could exceed \$959,012
Total Estimated Net Effect on <u>Other</u> State Funds	Could exceed \$719,259*	Could exceed \$959,012	Could exceed \$959,012

*Oversight notes the fiscal impact for FY 2027 is lesser because FY2027 is a partial year (9 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 August 28, 2026. 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 August 28, 2026, 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 August 28, 2026, and DOR has all sales tax and surcharges remitted one month behind collection, DOR can expect only 9 months of collection in FY 2027 which would be \$719,259.

Fiscal Year	Surcharge
2027	\$719,259
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 2025. 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 August 28, 2026, therefore Oversight will show an impact of 9 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 **Phelps County Sheriff's Office, Department of Public Safety – Director's Office, St. Louis County Police Department**, and the **Branson 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.

In response to similar legislation SB 1481 (2026), officials from the **Kansas City Police Department** assumed 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 this agency.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (9 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>\$719,259</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>\$719,259</u>	Could exceed <u>\$959,012</u>	Could exceed <u>\$959,012</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (9 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

According to DOR, if small businesses collect the surcharge, they will have increased reporting requirements.

FISCAL DESCRIPTION

Currently, a charge of 3% is imposed on retail transactions of prepaid wireless telecommunications service to help fund 911 services. This bill increases the charge to 4%.

Currently, the first \$15 of each transaction is not subject to the service charge. This bill repeals this provision.

The bill requires sellers of prepaid wireless telecommunications services to report to the Department of Revenue the number of retail transactions for which the charge was collected, and the total dollar amount of each transaction and of each service charge. If the Department of Revenue determines that a seller has not collected the charge, the seller will not be allowed to

deduct and retain any amount of the charge nor of sales tax for the reporting period for which the Department has determined a deficiency.

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
Director
March 3, 2026



Jessica Harris
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March 3, 2026