

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5768-03
Bill No.: HB 1768
Subject: Emergencies; Telecommunications
Type: Original
Date: April 16, 2012

Bill Summary: This proposal changes provisions relating to statewide 911 service.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0 or (More than \$7,000,000)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	\$0 or (More than \$7,000,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Enhanced 911 Service Fund*	\$0	\$0	\$0
State Road Fund	\$0 or \$3,900,000	\$0 or \$7,800,000	\$0 or \$7,800,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* offsetting potential sales tax income, expenses and grants to local political subdivisions

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Missouri Highway Patrol, Office of Administration, Department of Economic Development - Public Service Commission, Office of the State Treasurer, and Joint Committee on Administrative Rules** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of Administration - Budget and Planning (BAP)** state this proposal, upon a voter approval, creates an additional 0.1% sales tax for 911 services. A similar 0.1% sales tax for Parks and Soils generated \$68.84 million of retail sales taxes in FY11, and another \$7.81 million of motor vehicle sales taxes. Art. IV, Section 30(b) subsections 1 & 2, of the MO Constitution direct motor vehicle sales taxes to highway uses. Therefore, this proposal will generate an additional \$68.84 million for 911 services, and \$7.81 million for highway purposes. (BAP notes that food for home consumption is included in the base for the Parks & Soils tax and assumes the 911-tax would be imposed on this food, as well).

Officials from the **Department of Revenue (DOR)** estimate a one tenth of one cent state wide sales tax would generate approximately \$77 million. Up to \$7.8 million of the total would be attributed to sales of motor vehicles and would be deposited in accordance with Section 30(b) of the Missouri Constitution.

DOR states they would need to update approximately 150,000 businesses of the rate changes at a total cost of roughly \$82,000:

Letters	\$ 3,750
Envelopes	\$ 6,000
Postage	\$67,500
Programming	<u>\$ 4,452</u>
TOTAL	\$81,702

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the

ASSUMPTION (continued)

costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from **St. Louis County** and the **Springfield Police Department** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Jefferson City Police Department** state as written, this legislation could have a huge fiscal impact on local law enforcement agencies that currently house a PSAP (Public Safety Answering Point). The bill is written only for County Agencies and falsely assumes that no local central dispatch centers are owned and operated by a City. The impact could be in the millions of dollars if this currently efficient joint dispatch system is forced to move all equipment and employees under the guidance of the respective county. It does say that a county may adopt a 9-1-1 Board but does not say what will happen should the affected City/County choose not to do so.

Numerous counties, police departments and sheriff's departments did not respond to **Oversight's** request for fiscal impact.

Oversight will reflect a \$0 or (Unknown) cost to local political subdivisions. Oversight assumes there could be some costs to counties that do not currently have an Emergency Services 911 Board and must create one. Also, based upon the Jefferson City Police Department's response, Oversight assumes this may create a fiscal impact to city police departments that operate a 911 center.

Oversight will also reflect potential sales tax income collected by the Department of Revenue. This new sales tax (authorized in Section 190.430) for enhanced 911 service would be at a rate of one-tenth of one cent. According to the Department of Public Safety, the fee currently authorized within Section 190.430 has been voted on by the public twice, and has failed both times. Therefore, Oversight will reflect the potential sales tax income (and corresponding expense incurred by the Department of Revenue) as \$0 or the amount. Oversight will assume the earliest the sales tax would be effective would be January 1, 2013; therefore, Oversight will reflect potentially six months of impact in FY 2013.

In response to other legislation from this year in which a question could be put before the voters at a special election called by the Governor (as in Section 190.440), officials at the **Office of the Secretary of State (SOS)** have assumed unless a special election is called for the purpose, the

ASSUMPTION (continued)

proposals are submitted to a vote of the people at the next general election. If a special election is called to, section 115.063.2 RSMo requires the state to pay the costs. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people and Article XII section 2(b) authorizes the governor to call a special election to submit constitutional amendments to a vote of the people.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2 (b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Oversight has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2013. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled general election is in November 2012 (FY 2013). It is assumed the subject within this proposal could be on that ballot; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2013.

To estimate the expense the state would incur for reimbursing local political subdivisions for a special election, Oversight requested expense estimates from all election authorities for an election. Eighty-six out of the one hundred fifteen election authorities responded to Oversight's request. From these respondents; the total election expense that would have to be reimbursed by the state government is over \$7 million. Therefore, Oversight will reflect a potential cost borne by the state in FY 2013 of over \$7 million for reimbursement to the local political subdivisions.

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ASSUMPTION (continued)

Oversight assumes the Governor could call for a special election to be held prior to November 2012 regarding this joint resolution; however, if a special election is not called, the subject will be voted on at the general election in November, 2012.

This proposal could increase Total State Revenues, if submitted to and approved by voters.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
Expenses - Department of Revenue			
To notify businesses of the change in sales tax rates (only if sales tax measure passes)	\$0 or (\$81,702)	\$0	\$0
<u>Expense</u> - Reimbursement of local political subdivisions for special election cost	\$0 or (More than \$7,000,000)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (More than \$7,000,000)	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2013 (10 Mo.)	FY 2014	FY 2015
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ENHANCED 911 SERVICE FUND

Income - Department of Public Safety

Potential income if the one-tenth sales tax authorized in Section 190.430 is approved by the voters	\$0 or \$34,600,000	\$0 or \$69,200,000	\$0 or \$69,200,000
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<u>Expense</u> - 911 Services Oversight Board is allowed to retain not more than 2 percent of the money in the fund for administrative expenses	\$0 or (\$692,000)	\$0 or (\$1,384,000)	\$0 or (\$1,384,000)
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Expense - 911 Services Oversight Board

Grants to eligible counties for public safety answering points	\$0 or (\$33,908,000)	\$0 or (\$67,816,000)	\$0 or (\$67,816,000)
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ESTIMATED NET EFFECT TO ENHANCED 911 SERVICE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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STATE ROAD FUND

Income - Department of Public Safety

Potential income if the one-tenth sales tax authorized in Section 190.430 is approved by the voters (portion attributed to sale of motor vehicles)	\$0 or <u>\$3,900,000</u>	\$0 or <u>\$7,800,000</u>	\$0 or <u>\$7,800,000</u>
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ESTIMATED NET EFFECT TO THE STATE ROAD FUND	<u>\$0 or</u> <u>\$3,900,000</u>	<u>\$0 or</u> <u>\$7,800,000</u>	<u>\$0 or</u> <u>\$7,800,000</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - cost reimbursement from the State for special election	\$0 or More than \$7,000,000	\$0	\$0
<u>Expense</u> - cost for special election	\$0 or (More than \$7,000,000)	\$0	\$0
<u>Income</u> - Public safety answering points Grants from the state's 911 Services Oversight Board to eligible counties	\$0 or \$33,908,000	\$0 or \$67,816,000	\$0 or \$67,816,000
Costs - spending of the grant from the state 911 Services Oversight Board	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - creating an Emergency Services 911 Board	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - potential costs to city police departments regarding location of 911 call center	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal changes the laws regarding county and statewide emergency 911 service boards.

COUNTY EMERGENCY SERVICE 911 BOARDS

The proposal also establishes an emergency services 911 board in any county that currently does not already have a board established to oversee emergency 911 service in the county and to administer any funds received by the county from any source for the purpose of establishing, operating, and upgrading an emergency 911 service system, including the central dispatching of any type of emergency services. The board is to consist of seven members elected for four-year terms. The additional powers and duties of the board are specified in the bill.

911 SERVICE OVERSIGHT BOARD

The provisions of Sections 190.400 through 190.440 and 650.320 through 650.340, RSMo, are merged in order to establish a single entity that will oversee emergency 911 services statewide to insure consistent quality and performance. In the merged provisions, the bill:

- (1) Repeals the provisions regarding the Wireless Service Provider Enhanced 911 Advisory Board established in Section 190.410 and renames the Advisory Committee for 911 Service Oversight established in Section 650.325 as the 911 Service Oversight Board;
- (2) Reduces the size of the 911 Service Oversight Board from 16 to seven members;
- (3) Renames the Wireless Service Provider Enhanced 911 Service Fund as the Enhanced 911 Service Fund and lists the approved purposes for which moneys in the fund can be used, including the provision of grants to eligible counties to upgrade their 911 emergency service systems;
- (4) Requires the 911 Service Oversight Board annually to prepare a plan, after public comment and review, identifying the 911 project priorities, the projects to be awarded grants, the amount of each grant, the counties receiving a grant, and the criterion and method established for awarding the grants. Additional provisions regarding the grant application procedure, qualifications, restrictions, and grant awards are specified in the bill;
- (5) Authorizes the Commissioner of the Office of Administration to levy an enhanced 911 service tax at the rate of one-tenth of one cent on all retail sales made in the state which are subject to taxation under the provisions of Sections 144.010 to 144.525. All revenue from the tax will be deposited in the Enhanced 911 Service Fund. Before the tax can be levied, it must be

FISCAL DESCRIPTION (continued)

approved by the voters of the state at the general election in November 2012. Currently, the commissioner is authorized to establish a fee, upon voter approval, not to exceed 50 cents per wireless telephone number per month. The 911 Service Oversight Board is authorized to administer the fund, to distribute the moneys in the fund for approved expenditures, and to retain no more than 2% of moneys in the fund for administration costs and board expenses; and

(6) Moves the provisions regarding the 911 Training and Standards Act to Section 190.445 from Section 650.340.

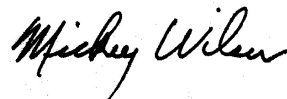
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Public Service Commission
Office of the State Treasurer
Department of Revenue
Office of Administration
Office of the Secretary of State
Joint Committee on Administrative Rules
St. Louis County
Springfield Police Department
Jefferson City Police Department

Not Responding:

Numerous Counties, Police Departments and Sheriff's Departments



Mickey Wilson, CPA
Director
April 16, 2012