

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4398-02  
Bill No.: HB 1904  
Subject: Emergencies; Political Subdivisions  
Type: Original  
Date: January 27, 2016

Bill Summary: This proposal would change the laws regarding 911 emergency communication services.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(More than \$539,617)	(More than \$462,336)	(More than \$463,630)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(More than \$539,617)</b>	<b>(More than \$462,336)</b>	<b>(More than \$463,630)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Missouri 911 Service Trust*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Offsetting revenues and transfers out. This fund would be renamed from current "Wireless Service Provider Enhances 911 Service Fund"

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
General Fund	5 FTE	5 FTE	5 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>5 FTE</b>	<b>5 FTE</b>	<b>5 FTE</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Local Government	Unknown	Unknown	Unknown

## FISCAL ANALYSIS

### ASSUMPTION

This proposal would make changes to a number of provisions regarding emergency communications services at the state and local government level.

#### Section 190.450

Officials from the **Department of Revenue (DOR)** assume this proposal would authorize a monthly fee on devices capable of contacting 911. The proposal would require DOR to collect this fee, less two percent withheld by the provider for administration and one percent withheld by DOR for the cost of collection. This fee would not be imposed on customers of prepaid wireless telecommunications services or on broadband internet access service. No county could submit a proposal to the voters unless certain conditions are met.

#### Section 190.451

Beginning January 1, 2017, the proposal 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. The legislation specifies that the board shall set rates of distribution of amounts deposited in the fund between 25 percent and 75 percent for counties without a charter form of government and between 65 percent and 75 percent for charter counties. The legislation prohibits the prepaid wireless emergency telephone service charge in St. Louis County. During the month of January 2017, the seller would keep 100 percent of the service charges collected. Thereafter, the seller would deduct and retain three percent of the service charges collected from the consumer.

**Oversight** notes these fees could impact the calculation required under Section 18(e) of the state constitution.

#### Administrative Impact:

**DOR** officials assumed the proposal would create new fees 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.

ASSUMPTION (continued)

Integrated System Changes:

DOR officials assumed there would be a negative impact to the General Revenue Fund between \$500,000 and \$800,000 due to establishing a new tax type within the Integrated Tax System. In addition, the Integrated Tax System requires programming costs of \$376,974.

**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.

Business Tax Processing

**DOR** officials assumed the reporting requirements of the two new taxes would require three (3) Revenue Processing Technicians I.

Officials from the **Department of Public Safety - Missouri Highway Patrol** (MHP) assumed the Patrol has 3,152 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 \$4,728.00 (3,152 x \$1.50) or \$56,736 per year (\$4,728.00 x 12). For purposes of this fiscal note, the Patrol will show the three funds that will have the most significant impact.

Highway Fund ( $\$4,728 \times .84$ ) =  $\$3,971.52 \times 12$  = \$47,658  
General Revenue Fund ( $\$4,728 \times .13$ ) =  $\$614.64 \times 12$  = \$7,376  
Criminal Records ( $\$4,728 \times .03$ ) =  $\$141.84 \times 12$  = \$1,702

Officials from the MHP assumed this proposed legislation would add a statewide program called the Silver Alert System. The work to add this program will be completed by the state's computerized criminal history vendor at an estimated cost of \$40,000 based upon 400 hours of design, code writing and testing time at \$100 per hour.

**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.

Officials from the **Department of Public Safety - Office of Director** (DPS) assumed the Department would require two additional staff to provide assistance to the Missouri 911 Service Board, as well as the administrative responsibilities for the Department's own activities.

ASSUMPTION (continued)

The DPS response including two additional employees and the related equipment and expense totaled \$108,808 for FY 2017, \$125,846 for FY 2018, and \$126,929 for FY 2019. The DPS response also noted an IT system development requirement but did include an estimate of cost or hours for that system.

**Oversight** will include the cost of the two additional employees in the DPS response to support the Missouri 911 Service Board; if an unanticipated additional workload is created or if additional employees are needed to implement the other DPS requirements in this proposal, resources could be requested through the budget process.

**Oversight** assumes the DPS estimate of expense and equipment cost for the new FTE could be overstated. If DPS is able to use existing desks, file cabinets, chairs, etc., the estimate for equipment could be reduced by roughly \$6,300 per new employee.

**Oversight** will include an IT cost in excess of \$100,000 for FY 2017, FY 2018, and FY 2019, for the DPS cost to implement this proposal.

Local government impact

**Oversight** also notes the 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** also notes 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, 2016 (FY 2017).

**Oversight** notes this monthly fee could impact the calculation required under Section 18(e) of the state constitution.

For simplicity, **Oversight** will not include additional revenue for the General Revenue Fund for the 1% Department of Revenue collection charge.

**Oversight** assumes this proposal would make changes to the membership of the Missouri 911 Service Board and those changes would not have a fiscal impact.

Officials from the **Joint Committee on Administrative Rules** assume this proposal would not have a fiscal impact to their organization in excess of existing resources.

In response to a previous version of this proposal, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS 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 costs may be greater than 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.

ASSUMPTION (continued)

Officials from the **Office of the State Treasurer**, the **Department of Economic Development**, the **Joint Committee on Administrative Rules**, the **City of Kansas City**, the **City of Springfield Police Department**, the **Jefferson City Police Department**, the **St. Louis County Directors of Elections**, the **St. Louis County Justice Services**, the **Platte County Board of Elections**, the **Jackson County Election Board**, and the **Office of the Boone County Sheriff** assume this proposal would have no fiscal impact on their organizations.

**Not responding:**

Department of Health and Senior Services

Officials from the following counties: Andrew, Atchison, Audrain, Barry, Bollinger, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Mississippi, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Pulaski, Scott, Shleby, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to our request for information.

Officials from the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, 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 2017 (10 Mo.)	FY 2018	FY 2019
<b>GENERAL REVENUE FUND</b>			
<u>Cost - DOR</u>			
Salaries	(\$66,630)	(\$80,756)	(\$81,563)
Benefits	(\$43,433)	(\$52,339)	(\$52,559)
Equipment and expense	<u>(\$20,746)</u>	<u>(\$3,395)</u>	<u>(\$3,479)</u>
<u>Total Cost - DOR</u>	(\$130,809)	(\$136,490)	(\$137,601)
FTE change - DOR	3 FTE	3 FTE	3 FTE
<u>Cost - DOR</u>			
Computer updates for collection of monthly fee	(More than \$100,000)	\$0	\$0
<u>Cost - DPS</u>			
Salaries	(\$67,300)	(\$81,568)	(\$82,383)
Benefits	(\$35,206)	(\$42,468)	(\$42,691)
Equipment and expense	<u>(\$6,302)</u>	<u>(\$1,810)</u>	<u>(\$1,855)</u>
Total Cost	(\$108,808)	(\$125,846)	(\$126,929)
FTE change - DPS	2 FTE	2 FTE	2 FTE
<u>Cost - DPS</u>	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
IT support for program			
<u>Cost - State Agencies - mobile device 911 fee</u>	(More than <u>\$100,000</u> )	(More than <u>\$100,000</u> )	(More than <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>(More than <u>\$539,617</u>)</b>	<b>(More than <u>\$462,336</u>)</b>	<b>(More than <u>\$463,630</u>)</b>
Estimated Net FTE change to the General Revenue Fund	5 FTE	5 FTE	5 FTE



<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2017 (10 Mo.)	FY 2019	FY 2020
<b>MISSOURI 911 SERVICE TRUST FUND *</b>			
<u>Additional Revenue - DOR</u>			
Local government 911 fees	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Additional Revenue - DOR</u>			
State government fees	Unknown	Unknown	Unknown
<u>Transfers out - Local Governments</u>			
Local government fees	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)
<u>Transfers out - Local Governments</u>			
State government fees	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON MISSOURI 911 SERVICE TRUST FUND *</b>			
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>
* Renamed from "Wireless Service Provider Enhanced 911 Service Fund"			

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>LOCAL GOVERNMENTS</b>			
<u>Transfers in</u> - Missouri 911 Service Trust Fund	Unknown	Unknown	Unknown
<u>Transfers in</u> - Missouri 911 Service Trust Fund	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost</u> - Local Governments - Election costs	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>

FISCAL IMPACT - Small Business

This proposal could have a fiscal impact to small businesses involved in emergency communications services or which use devices that would be subject to the emergency services access fee.

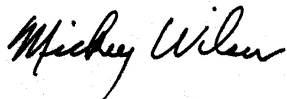
FISCAL DESCRIPTION

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

Office of the Secretary of State  
Office of the State Treasurer  
Joint Committee on Administrative Rules  
Department of Economic Development  
Department of Public Safety  
    Office of the Director  
        Missouri Highway Patrol  
Department of Revenue  
City of Kansas City  
Platte County Board of Elections  
St. Louis County Directors of Elections  
Office of the Cole County Sheriff  
Springfield Police Department



Mickey Wilson, CPA  
Director  
January 27, 2016

Ross Strobe  
Assistant Director  
January 27, 2016