

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1044-03  
Bill No.: Perfected HCS for HB 714  
Subject: Emergencies; Law Enforcement Officers and Agencies  
Type: Original  
Date: April 20, 2015

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(More than \$414,587)	(More than \$323,172)	(More than \$324,422)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(More than \$414,587)</b>	<b>(More than \$323,172)</b>	<b>(More than \$324,422)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
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 Enhanced 911 Service Fund"

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 12 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
General Revenue	2 FTE	2 FTE	2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>	<b>2 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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

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

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 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.

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

### Administrative Impact:

DOR officials assumed the 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, 2016, 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. During the month of January 2016, 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.

ASSUMPTION (continued)

Integrated System Changes:

DOR officials assumed 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 \$500,000 and \$800,000.

**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.

In response to a previous version of this proposal, officials from the **Department of Public Safety - Missouri Highway Patrol** assumed 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.

Officials from the **Department of Public Safety** 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.

The DPS response including two additional employees and the related equipment and expense totaled \$105,857 for FY 2016, \$125,797 for FY 2017, and \$127,081 for FY 2018.

ASSUMPTION (continued)

The **DPS** response also noted an IT system development requirement for training courses relating to 911 operations. DPS officials stated their organization manages that training and notes the training courses and providers are currently managed under a federal Homeland Security system.

DPS officials stated that the IT cost to expand the system under the federal Homeland Security system program would be approximately \$20,000 and the cost to develop a standalone system, if necessary, would be approximately \$50,000.

**Oversight** will indicate a cost less than \$100,000 for this training system requirement.

**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** has, for fiscal note purposes only, changed the starting salary for the additional employees to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

**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 \$6,000 per new employee. Oversight has adjusted the DPS estimate of equipment and expense in accordance with OA budget guidelines. Finally, Oversight assumes a limited number of additional employees could be accommodated in existing office space.

Local government impact

**Oversight** 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.

ASSUMPTION (continued)

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.

**Oversight** assumes there could be increased revenues and reduced revenues to local governments depending on the current local organization of emergency communications and tax support (if any) for emergency services. Those changes in revenues would be due to local government decisions, and would often require voter approval. For fiscal note purposes, Oversight will include unknown increases and reductions in local government revenues. Finally, Oversight assumes that the additional fees and revenues would be greater than the revenue reductions and election costs.

**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, 2014 (FY 2015).

**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.

ASSUMPTION (continued)

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.

Officials from the **Office of the State Treasurer**, the **Department of Economic Development**, the **City of Kansas City**, the **St. Louis County Directors of Elections**, the **Platte County Board of Elections**, and the **Office of the Cole County Sheriff** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Springfield Police Department** assumed a previous version of this proposal would have no fiscal impact on their organization.

**Not responding:**

Department of Health and Senior Services

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.

Amendments

Amendment 1 would clarify the definitions of communications devices which would be subject to the charges authorized in the proposal, and would make further clarifications in the proposal.

Amendment 2 would exempt charter counties with a centralized emergency communications system from provisions in the proposal regarding centralizing communications services.

Amendment 3 would add the emergency services board in a specified county to the recognized existing organizations providing emergency communications services.

Amendment 4 would authorize an additional method of organizing a centralized emergency communications service.

Amendment 5 would specify that a county that has one emergency communications service shall be presumed consolidated.

Amendment 6 would remove from the proposal a revised restriction on fire protectin district director eligibility.

**Oversight** assumes the amendments would not significantly change the fiscal impact of this proposal.



<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE FUND</b>			
<u>Cost - DOR</u>			
Computer updates for collection of monthly fee	(More than \$100,000)	\$0	\$0
<u>Cost - DPS</u>			
Salaries	(\$67,300)	(\$80,760)	(\$81,568)
Benefits	(\$34,326)	(\$41,192)	(\$41,604)
Equipment and expense	<u>(\$12,961)</u>	<u>(\$1,220)</u>	<u>(\$1,250)</u>
Totals	(\$114,587)	(\$123,172)	(\$124,422)
FTE change for DPS	2 FTE	2 FTE	2 FTE
<u>Cost - DPS</u>			
IT support for program	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
<u>Cost - State Agencies -</u>			
mobile device 911 fee	(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>\$414,587</u>)</b>	<b>(More than <u>\$323,172</u>)</b>	<b>(More than <u>\$324,422</u>)</b>
Estimated Net Effect on General Revenue Fund	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018
<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>\$0</u>	<u>\$0</u>	<u>\$0</u>
* Renamed from "Wireless Service Provider Enhanced 911 Service Fund"			

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>LOCAL GOVERNMENTS</b>			
<u>Additional revenue</u> - fees and taxes	Unknown	Unknown	Unknown
<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>Reduced revenues</u> - taxes	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - Local Governments - Election costs	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<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.

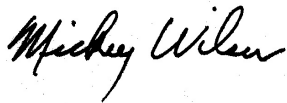
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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

**Not responding:**

Department of Health and Senior Services



Mickey Wilson, CPA  
Director  
April 20, 2015

Ross Strope  
Assistant Director  
April 20, 2015