

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 2, 2005

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: SB745 by Fraser (Relating to the imposition of emergency service fees and surcharges on certain wireless telecommunications connections.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB745, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from 911 SERVICE FEES 5050
2006	(\$2,208,460)
2007	(\$2,266,075)
2008	(\$2,266,075)
2009	(\$2,266,075)
2010	(\$2,266,075)

Fiscal Analysis

The bill would prohibit the state from imposing or collecting an Emergency Service Fee or an Equalization Surcharge from a wireless service provider for a prepaid wireless telecommunications connection. The bill would prohibit a home-rule municipality from imposing or collecting a fee or surcharge from a wireless service provider for a prepaid wireless telecommunications connection.

Methodology

According to the Comptroller of Public Accounts' Biennial Revenue Estimate, Emergency Service Fee revenue is estimated at \$46,527,000 for fiscal year 2006 and \$47,737,000 for fiscal year 2007. The Commission on State Emergency Communications estimates that wireless connections account for 47.5 percent of this revenue. Wireless service providers do not report prepaid wireless service fee remittance separately to the Comptroller of Public Accounts. It is estimated that prepaid wireless services are 8 to 12 percent of the wireless market. This analysis assumes an average of 10 percent of

the revenue from wireless connections is attributable to prepaid wireless sources. Therefore, a \$4,474,535 loss to Account 5050 is estimated for the 2006-07 biennium.

Local Government Impact

The provisions of the bill would result in a negative fiscal impact to home-rule municipalities and emergency communication districts. The Austin County Emergency Communications District reported a possible loss of \$2,800. Bexar Metro 911 Network District reported a possible loss of \$180,000, which they deemed “moderate.” El Paso County 911 District reported a possible loss of \$84,000. Lubbock Emergency Communication District reported a “moderate” possible loss of \$32,136.

Source Agencies: 304 Comptroller of Public Accounts, 477 Commission on State Emergency Communications

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