

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 1, 2009

TO: Honorable Tommy Merritt, Chair, House Committee on Public Safety

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

IN RE: HB1766 by Rodriguez (Relating to exempting prepaid wireless telecommunications devices from the 9-1-1 emergency service fee.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1766, As Introduced: an impact of \$0 through the biennium ending August 31, 2011, if the effective date of the bill is *July 1, 2009*; or an impact of \$0 through the biennium ending August 31, 2011, if the effective date of the bill is *September 1, 2009*.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue (Loss) from 911 Service Fees 5050
2009	(\$477,000)
2010	(\$6,093,000)
2011	(\$6,399,000)
2012	(\$6,636,000)
2013	(\$6,793,000)
2014	(\$6,864,000)

Fiscal Year	Probable Revenue (Loss) from 911 Service Fees 5050
2010	(\$5,585,000)
2011	(\$6,399,000)
2012	(\$6,636,000)
2013	(\$6,793,000)
2014	(\$6,864,000)

Fiscal Analysis

The bill would exempt prepaid wireless telecommunication devices from the 9-1-1 services fee imposed by either the Commission on State Emergency Communications (CSEC) or by political subdivisions or districts which to not participate in the statewide 9-1-1 plan administered by the CSEC.

Currently, 9-1-1 service fees are collected by wireless service providers and remitted to the Comptroller of Public Accounts. The Comptroller distributes to local subdivisions or districts which do not participate in the statewide plan a portion of the collections based on the percentage of state's population that is served by that district. The remaining amounts are deposited into the general revenue-dedicated account 5050 for appropriation to CSEC to implement the statewide 9-1-1 plan.

The bill would take effect immediately if it receives a vote of two-thirds of all members of each

house. If the bill does not receive the two-thirds vote of each chamber, the act would take effect on September 1, 2009.

Methodology

The first table shown assumes that the bill would take effect on July 1, 2009, if it receives two-thirds of the votes of both chambers. The second table assumes September 1, 2009 as the effective date.

If the bill takes effect on September 1, 2009, the Comptroller of Public Accounts estimates revenue losses from \$5,585,000 in fiscal year 2010 to \$6,864,000 in fiscal year 2011 to the general revenue-dedicated account 5050 (911 Service Fees). These estimates were based on historical data for wireless fee collections, the 2010-2011 Biennial Revenue Estimate, and wireless industry trade surveys estimating the proportion of wireless service customers which purchase prepaid plans.

Local Government Impact

The bill would prohibit a political subdivision from imposing a 9-1-1 emergency fee on a prepaid wireless telecommunications device. Assuming the bill takes effect on September 1, 2009, the Comptroller estimates that losses to political subdivisions or districts would range from \$10,659,000 in fiscal year 2010 to \$13,100,000 in fiscal year 2014.

The Councils of Governments (COG) reported their region's share of the current year budget would be approximately \$7.8 million, which was based on revenue of \$6.6 million in 2008 and collections to date. In fiscal year 2008, prepaid wireless averaged an estimated 20 percent of the total wireless revenue, which if lost, would have resulted in a revenue loss of an estimated \$1.3 million to \$1.5 million. The total 9-1-1 budget for COG is \$8.9 million which includes \$7.6 million for fixed operating costs for 9-1-1 centers, \$539,000 for the cost of the systems, including mapping to identify the location of a 9-1-1 call, and \$760,000 for public education, training for 911 call takers, and administrative costs at the COG. The revenue loss of 20 percent for prepaid wireless would have a significant impact on all COG 9-1-1 programs, as well as the emergency communications districts.

The Bexar Metro 9-1-1 Network reported the revenue loss would be an estimated \$1,146,988 for fiscal year 2010.

The Denco Area 9-1-1 District reported the revenue loss would be an estimated 2.4863 percent of the total state wireless funds for fiscal year 2010.

The Town of Addison's chief financial officer reported the revenue loss would be an estimated \$1,520 for fiscal years 2010 to 2014.

The City of Lancaster reported the revenue loss would be an estimated \$22,000 of the total state wireless funds for fiscal years 2010 to 2014, not including population growth rates.

The City of Portland reported the revenue loss would be an estimated \$11,025 for fiscal years 2010 to 2014, which includes a population growth rate of 3 percent.

The City of Farmers Branch reported the revenue loss would be an estimated \$17,549 for fiscal year 2010, and increasing each year thereafter.

The City of Longview reported the revenue loss would be an estimated \$49,235 for fiscal year 2010, and increasing each year thereafter.

Other counties that provided information indicating the bill would result in a significant revenue loss included Abilene, Ector, Henderson, Lubbock, and McLennan counties.

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

LBB Staff: JOB, ESi, MS, LCO, TP