

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 14, 2009**

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

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

**IN RE: SB1587** by Van de Putte ( Relating to a uniform and statewide 9-1-1 emergency services fee on the retail sale of prepaid wireless telecommunications services to consumers.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1587, Committee Report 1st House, Substituted: a positive impact of \$138,000 through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$49,000
2011	\$89,000
2012	\$92,000
2013	\$95,000
2014	\$95,000

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>General Revenue Fund</i> <b>1</b>	Probable Revenue Gain/ (Loss) from <i>911 Service Fees</i> <b>5050</b>	Probable Savings/(Cost) from <i>Emergency Service Fee on</i> <i>Wireless Telecommunications</i> <i>Trust Fund 0875</i>
2010	\$49,000	(\$1,131,000)	(\$6,782,000)
2011	\$89,000	(\$2,037,000)	(\$12,212,000)
2012	\$92,000	(\$2,112,000)	(\$12,664,000)
2013	\$95,000	(\$2,162,000)	(\$12,964,000)
2014	\$95,000	(\$2,185,000)	(\$13,100,000)

**Fiscal Analysis**

The bill would amend the Health and Safety Code by creating a prepaid wireless 911 emergency services fee of \$0.50 on each retail transaction of prepaid wireless telecommunication service.

The fee would be assessed and collected by sellers of the prepaid service and remitted monthly to the Comptroller for deposit into the General Revenue Dedicated Account 5050 - 911 Service Fees. The sellers would be entitled to retain a one percent administrative fee. Until the fee revenue is deposited to the credit of the 911 Services Fee Account it is held in the Emergency Service Fee on Wireless Telecommunications Trust Fund 0875, within the state treasury.

Under the provisions of the bill, the Comptroller of Public accounts would retain two percent of collected charges for costs associated with administering the collection and remittance of the fee. The Commission on State Emergency Communications (CSEC) would be required to set an annual percentage, not to exceed thirteen percent of the fee revenue, for transfer into the General Revenue Account 5007 - Commission on State Emergency Communications.

The bill would prohibit the state from imposing any other fee, surcharge, or tax on prepaid wireless telecommunication service for 911 funding purposes. The fee would be administered in the same manner as Chapter 151 Tax Code (sales tax). The bill would give providers and sellers of prepaid wireless service certain and specific indemnity from damages under certain circumstances and would provide prepaid wireless providers the same liability exemptions as wireless service providers.

The bill would take effect January 1, 2010.

### **Methodology**

For the purpose of this analysis, the Comptroller of Public Accounts based the estimates on historical data for wireless fees, a distribution model of prepaid plans based on expiration dates, and the *2010-2011 Biennial Revenue Estimate*. The proportion of emergency service fees attributable to prepaid customers was determined by wireless industry trade surveys and additional information provided by the CSEC. Mobile service providers remit service fee revenue to the state one month after the fee is collected from wireless customers; estimates were adjusted for implementation lags.

Revenue losses shown above are based on the current fee that would be replaced by a transactional fee under the provisions of the bill. The fiscal effect on GR Account 5007 cannot be estimated. Any transfer would result in a greater loss of revenue to GR Account 5050.

### **Local Government Impact**

According to the Commission on Statewide Emergency Communications, the potential loss of revenue to political subdivisions and districts is estimated to be approximately \$5,045,347 for FY 2010 and \$7,568,021 per year thereafter.

**Source Agencies:** 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas, 477 Commission on State Emergency Communications

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