

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 22, 2013

TO: Honorable Dennis Bonnen, Chair, House Committee on Special Purpose Districts

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1124** by Workman (relating to the creation of regional emergency communications districts; authorizing the issuance of bonds; authorizing a fee.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1124, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2015.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>911 Service Fees</i> 5050	Probable Savings from <i>911 Service Fees</i> 5050
2014	(\$12,964,000)	\$8,918,000
2015	(\$12,876,000)	\$8,918,000
2016	(\$12,798,000)	\$8,918,000
2017	(\$12,730,000)	\$8,918,000
2018	(\$12,670,000)	\$8,918,000

Fiscal Analysis

The bill would amend Chapter 772 of the Health and Safety Code to authorize a county or a municipality in a region with a population of more than 1.5 million and that operates a 9-1-1 system solely through a regional planning commission (RPC) to create a regional emergency communications district. The bill would include definitions and specifies procedures related to: the powers and duties of the district and the board; the budget and annual report; the provision of 9-1-1 services; the imposition of emergency service fees; issuance and repayment of bonds; and the transfer of assets. The bill would also change the definition of "Emergency Communication District" to include districts allowed to be created by the provisions of the bill.

The bill would require a district to submit bonds, including refunded bonds, to the attorney general for examination and would require the attorney general to approve bonds that comply with the law. Upon approval of bonds by the attorney general, the comptroller would be required to register the bonds regardless of whether the bonds are refunded. Bonds issued and profits made in the sale or redemption of bonds would be exempted from taxation by the state or any local governmental entity of the state.

Analysis of the bill by the Legislative Budget Board (LBB) assumes that the creation of regional emergency communication districts in a qualified region would also result in those regions opting to no longer collect fees in order to participate in the state-run 9-1-1 system, as allowed by current law. The Commission on State Emergency Communications (CSEC) estimates that this would result in an estimated loss of fee collected revenue deposited into General Revenue-Dedicated Account No. 5050 (GR-D 5050) of \$12,964,000 in fiscal year 2014, \$12,876,000 in fiscal year 2015, \$12,798,000 in fiscal year 2016, \$12,730,000 in fiscal year 2017, and \$12,670,000 in fiscal year 2018. CSEC also estimates the creation of the related regional emergency communication districts would result in a decrease in expenditures out of GR-D 5050 of \$8,918,000 each fiscal year.

LBB, CSEC, and the Comptroller of Public Accounts assumes any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

The bill would take effect on September 1, 2013.

Methodology

Based on data provided by the state demographer, CSEC identified the Capital Area Council of Governments (CAPCOG) as the only RPC that has a population greater than 1.5 million and that operates a 9-1-1 system solely through a regional planning commission, which is what is required to qualify as a regional emergency communication district as defined by the bill. CSEC determined the growth rate in fees collected for wireline and wireless services deposited in GR-D 5050 by comparing collections from September through February of fiscal year 2012 with the same time period in fiscal year 2013. CSEC then applied that growth rate to the revenues collected for wireline and wireless fees respectively for each fiscal year from 2014 through 2018 to estimate a loss in revenue collected.

CSEC estimated CAPCOG's growth rate for wireline services to be (5.0) percent and its growth rate for wireless services to be 1.0 percent.

CSEC calculated the average estimated expenditures for grants to CAPCOG for each fiscal year (totaling \$8.9 million out of GR-D 5050) of the 2012-13 biennium and applied that figure to each fiscal year.

Local Government Impact

According to CAPCOG, the bill would provide revenue to the CAPCOG region equal to the amount generated from the 9-1-1 fee. The fee would not change and the impact to a local citizen would remain the same. With the establishment of the district, the CAPCOG region would be able to build a system (NG911) better and faster than with current appropriations, but the amount is difficult to quantify.

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

LBB Staff: UP, KKR, EP, CK, TP