

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE INCLUSION OF PREPAID WIRELESS TELEPHONE SERVICE AMONG THE SERVICES SUBJECT TO THE SURCHARGE THAT FUNDS ENHANCED 911 EMERGENCY SERVICES.

Prime Sponsors: Senator White
Representative Rice

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Date Prepared: March 3, 2010

Summary of Amendments Made to the Bill After the 02/17/10 Legislative Council Staff Fiscal Note Was Prepared (Amended by the Finance Committee 02/18/10)

The Finance Committee Report dated February 18, 2010 clarified that the distribution of revenues from the prepaid wireless 911 charges shall be based on the governing authority's portion of the total 911 wireless call volume, not all 911 call volume.

This amendment did not change the fiscal impact delineated in the Legislative Council Staff Fiscal Note dated February 17, 2010.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

Concurs **Does Not Concur** **Updated Analysis**

Based on new information from the Department of Revenue, the revenue and expenditure impacts from the bill are estimated as follows:

S.B. 10-120	FY 2010-11	FY 2011-12
Revenue		
General Fund - Prepaid Wireless Surcharge	\$3.2 million	\$7.6 million
General Fund - Fines	\$5,000	\$10,000
State Expenditures		
General Fund - Disbursements to Local 911 Boards	\$2.6 million	\$7.4 million
General Fund - Administrative costs paid from new surcharge	\$450,000	\$64,000
General Fund - Administrative costs paid from existing GF	\$26,195	\$145,521
FTE	1.4 FTE	2.5 FTE

The new 911 surcharge on prepaid wireless telephone services begins on January 1, 2011. Currently, the bill allows the Department to retain 2.0 percent of the surcharge to pay for administrative expenses (approximately \$64,000), except that in calendar year 2011 the Department may retain \$450,000. Because expenditures are estimated at \$476,195 from January 2011 through June 2011,

the bill does not provide enough funding to cover the administrative costs of the Department in FY 2010-11 without additional resources. Therefore, staff assumes that the deficit of \$26,195 in FY 2010-11 would need to be funded with General Fund. Because the \$450,000 cap for calendar year 2011 is anticipated to be spent by June 30, 2011, the Department of Revenue would not have any funding available to pay the administrative expenses from July 2011 through December 2011. Therefore, staff projects an additional \$145,521 in General Fund would be needed in FY 2011-12 above the \$64,000 the Department is allowed to retain under the provisions of the bill. The Legislative Council Staff agrees with this updated assessment.

Amendments/Appropriation Status

The bill requires but does not contain an appropriation clause. Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$476,195 General Fund and 1.4 FTE to the Department of Revenue in FY 2010-11 for the administrative costs associated with implementing the 911 charge on prepaid wireless telephone service.

Bill Sponsor Amendments

Sponsor amendment **L.003** (attached) creates the Prepaid Wireless Trust Cash Fund for remittances of 911 charges collected from prepaid wireless phones. This amendment also increases the amount of revenue that the Department of Revenue may retain for administrative costs from 2.0 percent to 3.0 percent. However, in calendar year 2011 the Department may retain \$450,000 in **addition** to the 3.0 percent. The table below shows the estimated fiscal impact of the bill with amendment L.003.

S.B. 10-120 with L.003 Fiscal Impact	FY 2010-11	FY 2011-12
Revenue		
Cash Fund - Prepaid Wireless Trust Cash Fund	\$3.2 million	\$7.6 million
General Fund - Fines	\$5,000	\$10,000
State Expenditures*		
Cash Fund - Disbursements to Local 911 Boards	\$2.6 million	\$7.4 million
Cash Fund - Administrative costs paid from retaining 3.0% of new surcharge	\$26,195	\$213,521
Cash Fund - Additional \$450,000 provided for administrative costs	\$450,000	\$0
FTE	1.4 FTE	2.5 FTE

*All expenditures are from the Prepaid Wireless Trust Cash Fund.

Amendment L.003 eliminates all General Fund impacts to the Department of Revenue in FY 2010-11 and FY 2011-12. **Amendment L.003 also contains an appropriation clause providing \$476,195 from the Prepaid Wireless Trust Cash Fund and 1.4 FTE to the Department of Revenue for administrative expenses in FY 2010-11.**

The Committee should not adopt J.001 if the Committee adopts L.003.

Points to Consider

The general appropriations bill for FY 2010-11 has not yet been introduced. This bill requires an appropriation of \$26,195 General Fund for FY 2010-11. Legislative Council Staff is currently projecting that General Fund revenues will fall short of funding existing FY 2009-10 appropriations. This bill would require appropriations to be reduced (or revenues increased) by another \$26,195. *With amendment L.003, this is no longer a concern.*