

Fiscal Estimate Narratives

DOR 2/25/2014

LRB Number	13-3078/1	Introduction Number	SB-566	Estimate Type	Original
Description State 911 telecommunications services, police and fire protection fee imposed on certain communications services, granting rule-making authority, and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes several changes to the law concerning the police and fire protection fee, the establishment and funding of a statewide 911 emergency telecommunications system, making grants to public safety agencies for improving 911 service and related provisions. Most of the provisions of the bill directly affect the Public Service Commission of Wisconsin (PSCW). This fiscal note is limited to the aspects of the bill that affect the Department of Revenue (DOR).

POLICE AND FIRE PROTECTION FEE

Under current law, a provider of retail voice communications services must impose a monthly fee of \$0.75 on each communications service connection with an assigned telephone number. If a subscriber has more than 10 lines, the \$0.75 fee is imposed on the first 10 lines, with an additional fee for every 10 lines. If a subscriber receives services using a prepaid wireless plan, a one-time fee of \$0.38 is imposed. The fee can be separately listed on bills to users, and if listed separately must be referred to as the "police and fire protection fee". The PSCW has contracted with the DOR to collect these fees. Proceeds of the fee are deposited into a segregated fund, the "police and fire protection fund". Amounts in the fund are used to pay for part of the county and municipal aid payment made under Subchapter I of Chapter 79.

Under the bill, the police and fire protection fee would be repealed on the later of July 1, 2014, or the day after publication. The police and fire protection fund would be eliminated and funding for the portion of the county and municipal aid payment made from the fund would be shifted to general purpose revenues.

For fiscal year 2015, the estimated collections from the fee were set at \$53,000,000. Thus, the bill would reduce SEG-Revenues by \$53,000,000 and increase GPR-Expenditures by \$53,000,000.

COUNTY 911 FEE

Current law allows a county to charge a fee on telecommunications services to finance costs related to a 911 emergency telecommunications system if certain requirements are satisfied, one requirement being the county has contracted with telecommunications utilities to establish such a system.

The bill eliminates the authority of a county to impose this fee.

The fee is not separately reported in the annual financial report form filed annually with the DOR. The DOR also does not have information on how many counties use the fee and the rate charged. As a result, the DOR is unable to reasonably estimate the loss in county revenue this part of the bill could engender.

STATE 911 FEE

Under the bill, a provider of communications services must impose a monthly fee of \$0.40 on each communications service connection. If a subscriber has more than 10 lines, the \$0.40 fee is imposed on the first 10 lines, with an additional fee for every 10 lines. If a subscriber receives services using a prepaid wireless plan, a one-time fee of \$0.20 is imposed. The fee can be separately listed on bills to users, and if listed separately must be referred to as the "state 911 fee". The PSCW may contract with the DOR to collect these fees. Proceeds of the fee are deposited into the state's general fund. The PSCW is required to use the proceeds to contract for the establishment and maintenance of a statewide 911 telecommunications system.

The proposed fee has a base similar to that of the police and fire protection fee. The monthly fee of \$0.40 for regular telecommunications service is 53% ($\$0.40/\0.75) of the current fee. The fee for pre-paid services is 50% ($\$0.20/\0.40) of the current fee. Since most of the fee is collected from regular telecommunications

services, it is estimated that the proposed fee will collect about 53% of the amount currently collected. Thus, for fiscal 2015, collections would be projected at \$28,000,000 ($\$53,000,000 \times 0.53$).

ADMINISTRATIVE COSTS

The DOR would incur one-time costs to implement the change in the fee. These costs can be absorbed within current budgetary resources.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description State 911 telecommunications services, police and fire protection fee imposed on certain communications services, granting rule-making authority, and making appropriations			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance	53,000,000		-53,000,000
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$53,000,000		\$-53,000,000
B. State Costs by Source of Funds			
GPR	53,000,000		
FED			
PRO/PRS			
SEG/SEG-S (police & fire prot.)			-53,000,000
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$28,000,000	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S (police & fire prot.)			-53,000,000
TOTAL State Revenues		\$28,000,000	\$-53,000,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$0	\$
NET CHANGE IN REVENUE		\$-25,000,000	\$
Agency/Prepared By		Authorized Signature	Date
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