



Legislative Fiscal Bureau

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TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 356: Grant Program for Incumbent Local Exchange Carriers for Costs Associated with Next Generation 911

Assembly Bill 356 would create a biennial SEG appropriation from the amounts in the schedule for the Department of Military Affairs to provide grants to incumbent local exchange carriers operating as originating service providers. Grants would be provided as reimbursement for costs associated with Next Generation 911 (NG911). Under the bill, \$8 million SEG annually would be provided in the 2023-25 biennium from the police and fire protection fund.

Assembly Bill 356 was introduced on July 17, 2023, and referred to the Assembly Committee on State Affairs on October 18, 2023. An amendment to the bill, Assembly Amendment 1, was offered on December 27, 2023.

Senate Bill 371, the companion bill to AB 356, was introduced and referred to the Senate Committee on Labor, Regulatory Reform, Veterans and Military Affairs on July 20, 2023. SB 371 passed the Senate 30-2 on October 17, 2023. On October 19, 2023, SB 371 was referred to the Assembly Committee on State Affairs. Assembly Amendment 1 to SB 371 was also offered on December 27, 2023.

BACKGROUND

In Wisconsin, 911 services are generally funded and administered on the local level. The state has approximately 121 public safety answering points (PSAPs), locally-administered call centers that answer and process 911 calls.

To create an interoperable 911 system that is compatible with current and emerging digital technologies, emergency response agencies nationwide are upgrading to the NG911 system. According to DMA, a statewide NG911 system will: (a) provide equal access for all callers, including the deaf and hard-of-hearing; (b) resolve current infrastructure limitations among PSAPs

by creating a shared statewide network; (c) improve resiliency and reduce system downtime; (d) provide an increase in situational awareness through data sharing with first responders; (e) deliver increased location accuracy for all calls; (f) facilitate mutual aid collaborations between PSAPs; (g) provide the ability to re-route 911 calls during crises, periods of high call volume, and service outages; (h) support a variety of consumer devices as technology evolves; (i) enhance financial efficiencies; and (j) support the ability to change or add connections during emergencies. In addition to 911 voice capabilities, NG911 will enable the public to transmit text, images, video, and data to 911.

The NG911 system consists of three key components: (a) the Emergency Services Internet Protocol Network (ESInet), a statewide internet-based network shared by all participating public safety agencies; (b) PSAP equipment, which facilitate the transmission of information between callers and emergency responders; and (c) geographical information system (GIS) data, which route calls and messages to the correct PSAP. Once NG911 is implemented, the system's network will be operated on the state-level, while local units of government will retain fiscal and administrative responsibility for PSAP operations. Local entities may also need to upgrade answering equipment to ensure that 911 calls can be processed under the new system.

Under current law, the police and fire protection (PFP) fund supports state programs and provides direct financial assistance to local governments through the shared revenue program. The shared revenue program is also funded by a capped, sum-sufficient general purpose revenue (GPR) appropriation, such that any PFP funds allocated for state programs are offset by an equal increase in GPR. In 2022-23, \$55.8 million was distributed from the PFP fund to local governments through the shared revenue program; an estimated \$34.4 million SEG is appropriated for this same purpose in 2023-24. Local entities have discretion in allocating shared revenues, and a portion may be used to offset the cost of providing 911 services.

As directed by 2023 Act 19 (the 2023-25 biennial budget), the following changes to the police and fire protection fund will be made starting in 2024-25: (a) rename the fund as the 911 fund; (b) update references to the police and fire protection fee to instead refer to the 911 fee; and (c) repeal the current law county and municipal aid SEG appropriation, funded from the police and fire protection fund, which offsets the amounts paid from the existing sum sufficient GPR appropriation. Additionally, Act 19 specifies that DMA provide \$18,000,000 SEG annually for PSAP grants and \$6,000,000 SEG annually for geographic information systems grants from its Next Generation 911 appropriation starting in 2024-25. As a result, funding for DMA's Next Generation 911 appropriation was increased by \$12,000,000 SEG in 2024-25 for PSAP grants and \$4,500,000 SEG in 2024-25 for GIS grants to fund the specified amounts.

Under current law, the landline fee allows service suppliers (telecommunications utilities which provide exchange telephone services within a county) to charge customers and keep the funds as reimbursement for services to county 911 entities. Nonrecurring costs incurred by service suppliers include services related to providing the trunking and central office equipment used only to operate a basic or sophisticated system established in that county and the database used only to operate that sophisticated system. Additionally, service suppliers incur recurring charges for services related to the maintenance and operation of a basic or sophisticated system established in that county.

The fee is applied to the telephone network expenses related to 911 for each county. Each carrier deposits collected fees into a pooled fund, and takes from the fund the amount of its expenses incurred for providing 911 services.

According to the Wisconsin Statewide NG911 Plan, the landline fee, which provides cost recovery for service providers under the Enhanced 911 system, will cease in each county once DMA declares the county operational on the ESInet. However, the landline fee for nonrecurring costs may continue after the declared operational date until the provider is fully compensated for these costs.

At this time, the costs incurred by originating service providers for NG911 services are unknown because the system has not been fully deployed.

SUMMARY OF BILL

Assembly Bill 356 would create a biennial SEG appropriation for the Department of Military Affairs to provide grants to incumbent local exchange carriers operating as originating service providers. Grants would be provided as reimbursement for costs associated with NG911. Reimbursement may be provided for costs including: (a) IP-based transport of NG911; (b) the database used to operate NG911; and (c) the purchase, installation, and maintenance of NG911 equipment. Under the bill, \$8,000,000 SEG annually would be provided in the 2023-25 biennium from the police and fire protection fund.

Under the bill, an incumbent local exchange carrier has the meaning given in 47 USC 251 (h): with respect to an area, the local exchange carrier that provided telephone exchange service in an area and was deemed to be a member of the exchange carrier association, or is a person or entity that became a successor or assign of a member. Under the bill, an incumbent local exchange carrier would not be eligible for a grant unless it was acting as an incumbent local exchange carrier in the state on an effective date of the bill. The Department of Military Affairs would develop policies to establish eligibility criteria for the grants, and could seek recommendations from the 911 Subcommittee on awarding grants including advice on appropriate grant purposes and eligibility criteria. The Department could not award more than one grant per incumbent local exchange carrier per year.

SUMMARY OF AMENDMENT

Assembly Amendment 1 (AA 1) makes a number of changes to AB 356. Under the amendment, instead of providing \$8,000,000 SEG annually for grants to incumbent local exchange carriers in the 2023-25 biennium from the PFP fund, \$6,000,000 SEG in 2024-25 from the 911 fund would be provided. [A technical modification to AA 1 is necessary to appropriately reference the 911 fund.] The amendment specifies that no moneys may be encumbered under the grant program after June 30, 2027. Additionally, AA 1 directs the Department to submit a report to the Chief Clerk of each house by January 1, 2027, that summarizes: (a) the status of the emergency services IP network; and (b) the total amount of grants issued in each fiscal year for costs associated with (1) IP-based transport of NG911; (2) the database used to operate NG911; and (3) the purchase, installation, and maintenance of NG911 equipment. The Department must also report a projection for additional necessary costs for reimbursement of incumbent local exchange carriers' costs in the

future and a recommendation as to whether the grant program should continue to operate after June 30, 2027.

FISCAL EFFECT

Assembly Bill 356, as amended, would provide \$6,000,000 SEG in 2024-25 from the 911 fund. (Under Act 19, the police and fire protection fund will be renamed as the 911 fund and cease payments to the shared revenue program starting in 2024-25.)

In its fiscal note submitted for AB 356, the Department indicated that an additional 1.0 position would be required to implement and administer the grant program, at an estimated cost of \$110,400 annually in the 2023-25 biennium. That position is not included in the bill on the amendment.

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