



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [Sub. H.B. 360 of the 129th G.A.](#) **Date:** December 21, 2012
Status: As Enacted **Sponsor:** Rep. Rosenberger

Local Impact Statement Procedure Required: Yes

Contents: To make a permanent change to the 9-1-1 charge for all wireless subscribers beginning in 2013, and to change, beginning July 1, 2013, the method of collection and the amount of the wireless 9-1-1 charge for prepaid wireless calling services, and to declare an emergency

State Fiscal Highlights

- Reducing the wireless 9-1-1 charge from \$0.28 to \$0.25 per month for wireless subscribers, and making the charge permanent in 2013 will raise approximately \$11.6 million additional revenue in FY 2013 and \$29.0 million or more in future years.
- Permitting the Department of Taxation and Department of Public Safety to each receive 1% of wireless 9-1-1 charge revenues for administrative purposes would increase revenues to each of their FY 2013 budgets by \$116,000. In future years, the revenue gain would be \$290,000 or more for each agency.
- The remainder of the revenue raised by the wireless 9-1-1 charge, i.e., about \$11.4 million in FY 2013 and \$28.4 million in FY 2014 (and thereafter) is to be deposited into the Wireless 9-1-1 Government Assistance Fund.
- The bill does not contain an appropriation for the additional revenues raised in FY 2013.

Local Fiscal Highlights

- Reducing the wireless 9-1-1 charge from \$0.28 to \$0.25 per month for wireless subscribers, and making the charge permanent in 2013 will raise approximately \$11.4 million additional revenue in FY 2013 and \$28.4 million or more in future years.
- Beginning in FY 2014, disbursements to counties from the Wireless 9-1-1 Government Assistance Fund will be capped at FY 2012 levels.
- The bill creates a new custodial fund, the Next Generation 9-1-1 Fund, but the disbursements, beginning in FY 2014, by the Treasurer of State will be based upon orders from the Tax Commissioner and guidelines set forth in the bill. Wireless 9-1-1 charges will raise revenues for the new fund.

Detailed Fiscal Analysis

H.B. 360 makes permanent the wireless 9-1-1 charge imposed on all wireless subscribers with Ohio billing addresses. Under current law, the \$0.28 per month charge was set to expire on December 31, 2012. The bill would extend the charge permanently, while reducing it beginning January 1, 2013, from \$0.28 per month to \$0.25 per month. The bill also changes, in a revenue neutral fashion, the amount and method of collection of the prepaid wireless 9-1-1 charge, but makes those changes effective July 1, 2013. However, the bill does not permit prepaid wireless subscribers to be charged before that date. Wireless lines provided for lifeline service are exempt from the charge.

Beginning on July 1, a new charge equal to 0.50% of the sales price will be collected directly from the prepaid wireless customer by sellers at the point of sale. The amount is equivalent to the existing method in which a wireless service provider would remit \$0.25 per \$50 of monthly prepaid wireless telephone revenues. No revenues will be collected before that date.

H.B. 360 transfers from the Public Utilities Commission (PUCO) to the Department of Public Safety (DPS) the 9-1-1 service program, the position of the Ohio 9-1-1 Coordinator, and the existing authority to oversee the implementation and upgrades to county 9-1-1 systems. Additionally, the bill creates a position on the Ohio 9-1-1 Council for a member from DPS.

The bill transfers from PUCO to the Tax Commissioner the administration of the Wireless 9-1-1 Government Assistance Fund (*a custodial fund*), and the administrative authority governing the wireless 9-1-1 charges. Wireless service providers and retailers collecting the prepaid wireless charge from customers will remit the wireless charges to the Tax Commissioner.

The Revised Code requires that the wireless 9-1-1 charge, including those charges incurred by prepaid users, be deposited into the Wireless 9-1-1 Administrative Fund (Fund 5BP0). The fund received \$32.1 million in FY 2011, and the vast majority of the balance is distributed to counties pursuant to the law. Under current law, PUCO retains up to 2% of the fund balance for administrative purposes. H.B. 360 changes the law to grant the equivalent amount – 1% each – to DPS and the Department of Taxation (TAX) for their roles in carrying out the duties related to the wireless 9-1-1 system. The remaining amount in the fund must be transferred to the Wireless 9-1-1 Government Assistance Fund for distribution to counties, which is consistent with existing law. Beginning in FY 2014, the disbursements to counties are capped at the FY 2012 amount according to H.B. 360.

The bill creates a new custodial fund, the Next Generation 9-1-1 Fund, which is to receive any excess revenues from Fund 5BP0 not necessary to make distributions to the counties. The Treasurer of State can disburse money from the fund solely upon order of the Tax Commissioner according to policies established by the Statewide

Emergency Services Internet Protocol Network Steering Committee (*the deadline for adopting policies is January 1, 2014*).

The bill postpones, from November 15, 2012 to May 15, 2013, the deadline for the Statewide Emergency Services Internet Protocol Network Steering Committee ("Steering Committee") to provide recommendations for the state to address the development of a statewide emergency services Internet protocol network.

H.B. 360 requires the Steering Committee to adopt rules that establish technical and operational standards for Public Safety Answering Points (PSAPs) eligible to receive disbursements from the Wireless 9-1-1 Government Assistance Fund. PSAPs must comply with the standards no later than two years after the effective date of the rules establishing the standards. No disbursement to a countywide 9-1-1 system for costs of a PSAP can be made from the Wireless 9-1-1 Government Assistance Fund or the Next Generation 9-1-1 Fund unless the PSAP meets the standards set by rule of the Steering Committee.

Furthermore, the Steering Committee is required to establish guidelines for the Tax Commissioner to use when disbursing money from the Next Generation 9-1-1 Fund to countywide 9-1-1 systems in the state. The bill specifies that the disbursements may be used for costs associated with the operation of and equipment for phase II wireless systems and for costs associated with a county's migration to next generation 9-1-1 systems and technology.

H.B. 360 requires that no later than February 15, 2013, each chairperson of a countywide 9-1-1 planning committee must report statistics and expenditure information to the Steering Committee about their 9-1-1 network. Failure to do so would result in the Tax Commissioner suspending disbursements from the Wireless 9-1-1 Government Assistance Fund to that county until the requirement has been met.

The bill puts additional qualifications on counties for the receipt of disbursements from the Wireless 9-1-1 Government Assistance Fund or the Next Generation 9-1-1 Fund. Countywide 9-1-1 systems may not use their disbursements on more PSAPs than the requisite number set forth by the bill. The schedule is as follows:

1. Five PSAPs for the period beginning on March 1, 2009, and ending on December 31, 2015;
2. Four PSAPs for the period beginning on January 1, 2016, and ending on December 31, 2017;
3. Three PSAPs for the period beginning on January 1, 2018, and thereafter.

The bill makes an exception to these requirements for counties in which there is a municipal corporation with a population of over 175,000 according to the most recent federal decennial census.¹ Such a county may use disbursements for one PSAP in addition to the number of PSAPs allowed. The bill stipulates that if a county exceeds

¹ Presently, this exception would apply to Cuyahoga, Franklin, Hamilton, Lucas, and Summit counties.

the allowable number of PSAPs, disbursements to countywide 9-1-1 systems made to the county from the Wireless 9-1-1 Government Assistance Fund or the Next Generation 9-1-1 Fund must be reduced by 50% until the county complies with the PSAP limitations.

Finally, the bill authorizes the Auditor of State to audit and review each county's expenditures of funds received from the Wireless 9-1-1 Government Assistance Fund to verify that the funds were used in accordance with the requirements of law.

Fiscal effect

The bill's effective date is immediate because of the emergency clause, but the bill does not include an appropriation increase. The FY 2013 appropriation is lower than revenues anticipated by the bill because it was set under the assumption that the fee would expire. It is unclear to LSC if DPS and TAX have sufficient appropriation authority to spend the administrative fees credited to their respective agencies.

Continuing the wireless 9-1-1 charge beyond December 31, 2012, albeit at a reduced rate, would yield about \$11.4 million in additional revenue in FY 2013, and would increase revenues by about \$29 million per year in future years once the charge on prepaid wireless service resumes. The departments of Taxation and Public Safety would each retain 1% of these revenues, which are deposited into Fund 5BP0, with the remainder to be distributed to counties for the specified purposes related to operating their PSAPs.

Beginning in FY 2014, disbursements made by the Tax Commissioner to the counties must remain at the level disbursed in FY 2012. The excess balance of the Wireless 9-1-1 Government Assistance Fund must be deposited in the Next Generation 9-1-1 Fund.

Changing the amount and method of collecting the prepaid wireless 9-1-1 charge, beginning on July 1, 2013, will raise additional revenue beginning in FY 2014. For the period beginning on the effective date of the bill, and ending on June 30, 2013, no revenue will be raised from prepaid wireless subscribers.

The Auditor may incur additional expenditures for the expanded authority granted by the bill.