

Fiscal Note Request HB0775, As Introduced

(continued)

4. Section 6 requires all carrier information including number of subscribers, revenue collected by the carrier and location/network information to be confidential. It is difficult to evaluate the impact of the legislation without the critical information to determine the costs and revenues.

FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
FTE	2.00	2.00
<u>Expenditures:</u>		
Personal Services	\$118,338	\$118,338
Operating Expenses	81,662	81,662
Transfers	<u>2,315,258</u>	<u>2,315,258</u>
TOTAL	\$ 2,515,258	\$ 2,515,258
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	\$ 2,515,258	\$ 2,515,258
<u>Revenues:</u>		
State Special Revenue (02)	\$ 2,515,258	\$ 2,515,258
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	\$ 0	\$ 0

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

This will provide an additional revenue source for wireless enhanced 911 deployments for the PSAPs, which would normally come out of their own general funding.

TECHNICAL NOTES:

1. 10-4-101 through 314, MCA, imposes \$0.25 for basic 911 and \$0.25 for enhanced 911. The surcharge is for basic and enhanced 911 and provides the day-to-day operations of the PSAP. This proposed wireless surcharge of \$0.50 will be in addition to the existing surcharge and provides delivery of location information under the FCC mandate.
2. The FCC's Phase II E911 rules require wireless carriers, within six months of a valid request by a PSAP, to begin providing more precise location information to the PSAPs, specifically the latitude and longitude of the caller. The FCC later amended its rule, to eliminate as a barrier to E911 implementation, any prerequisite that carrier E911 costs recovery mechanism is not necessary to permit carriers to recover their costs. In the amendment the FCC recognized that the wireless rates are deregulated and a carrier could recover their service costs through their rates without waiting for a state-adopted mechanism. The carriers are free to work with the state legislatures or officials to adopt specific funding mechanisms.
3. 10-4-102 (2), MCA, created a 911 Advisory Council with representation from highway patrol, emergency medical services organizations, telephone companies, association of public safety communicators, department of emergency services, police department, sheriff's departments, and local citizens to be in advise to the Department of Administration on 911 issues. The Advisory Council has not a chance to review the proposed legislation. Discussions at the council have been to review deployments and costs during the 2005 interim and possibly address legislation in 2007.

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4. If the fund is insufficient to cover the costs invoiced by the wireless carrier during any quarter, the “carry-over” provision will carry forward those invoices to be paid first until the full amount of the reimbursable costs are paid to the carrier. This could potentially cause a disincentive for new carriers to enter the Montana market because their costs would not be recovered upon deployment.
5. Section 2 (3) provides the carrier two percent of the collected surcharge for billing and collection fees. This fee is inappropriate for a surcharge that will be returned to the carrier for their costs associated with 9-1-1.
6. Section 2 (2) (c) allows the carrier to apply partial payments against the amount the customer owes before applying to the surcharge. It is not uncommon for wireless monthly bills to exceed \$200 - \$300 causing a high frequency of partial payments. The surcharge should be required on each wireless subscriber.
7. Statutory direction is required to determine reimbursable costs in the entire Section 4. The proposal is very labor intensive, difficult to determine true costs, and does not define expenses to be included with allowable cost recovery. The reimbursement is inconsistent and unclear and should be defined.
8. Section 5 - Reporting is overly burdensome and inconsistent with Section 6, Confidential Information.
9. Section 6 - Confidential Information protects information beyond the level required by trade secrets. In addition (3) will require the department to secure the protected information. This space and secure area is not available today within the 911 Program.
10. Section 6 (9) site to 2-2-104 and 2-2-136, MCA, are not germane to this bill.
11. Section 7 - dispute resolution should be according to Montana Administration Procedures Act (MAPA).
12. Collection of the surcharge should also be imposed on prepaid wireless because they have access to 911.
13. Section 24 - assumes that costs incurred by a PSAP or wireless carriers prior to the effective date of the legislation will be reimbursed.