



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2021 Biennium

**Bill #** HB0618

**Title:** Establish a fee for statewide safety communications systems

**Primary Sponsor:** Mercer, Bill

**Status:** As Introduced

- Significant Local Gov Impact     
  Needs to be included in HB 2     
  Technical Concerns  
 Included in the Executive Budget     
  Significant Long-Term Impacts     
  Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$3,470,417	\$3,336,053	\$3,385,869	\$3,436,433
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$12,371,000	\$12,371,000	\$12,371,000	\$12,371,000
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 618 establishes a fee of \$0.95 per access line on each subscriber for the operation, maintenance, sustainability, and expansion of the statewide public safety communications system. Estimated revenues are \$12,371,000 for each fiscal year in the 2021 biennium. The Department of Justice's cost to implement and administer this program are estimated at \$3,470,417 for FY 2020 and \$3,336,053 for FY 2021.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Revenue**

1. HB 618 creates a public safety communications system fee of \$0.95 per month per access line.
2. There are currently two fees collected for 9-1-1 services – \$0.75 per month and \$0.25 per month on each of the same access lines. The total revenue collected from these two fees was approximately \$13 million in each fiscal year for FY 2014 through FY 2018, with an average collection of \$13.022 million.

3. The additional revenue collected due to HB 618 is estimated at \$12.371 million, which is 95% of the average 9-1-1 fee revenue collected.
4. This revenue would be collected by the Department of Revenue and be deposited in the statewide public safety communications system account in a state special revenue fund. This revenue would be statutorily appropriated to the Department of Justice.
5. The Department of Revenue does not expect to incur significant additional costs as a result of this bill.

**Department of Justice**

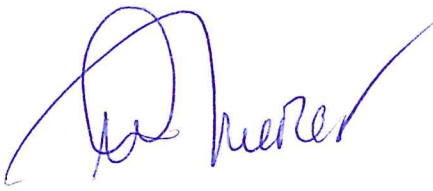



6. The department assumes that statewide public safety communication costs will be paid out of revenues received. Additional staffing (3.00 FTE) will be required to implement and oversee this program within the department.
7. Salary and benefits for a band 7 program manager (1.00 FTE) are estimated at \$109,248 per year. FY 2022 and FY 2023 have been inflated by 1.5% to adjust for inflation. Overtime expenses of \$5,000 each year are also included in this calculation.
8. Salary and benefits for two band 5 electronic repair technicians (2.00 FTE) are estimated at \$172,672 per year. FY 2022 and FY 2023 costs have been inflated by 1.5%. Overtime expenses of \$10,000 each year (\$5,000 per FTE) are also included in this calculation.
9. Operating and equipment costs in FY 2020 total \$3,173,497. One-time-only expenses, totaling \$134,364, are included for new employee office packages, vehicles, and computer setup charges.
10. The department assumes that seven new radio sites will be added each year and new maintenance agreements each year will be necessary for an additional cost of \$105,000 per fiscal year. These costs have been inflated by 1.5% in FY 2022 and FY 2023.
11. The department will need to take over 59 existing sites and assumes that statewide radio site upgrade costs will be paid out of revenues received. The total 10-year cycle upgrade costs of \$28,600,000 will be spread out over 10 years, totaling \$2,860,000 for FY 2020 and FY 2021. These costs have been inflated by 1.5% for FY 2022 and FY 2023.
12. The Montana Highway Patrol assumes that any remaining dollars from the fee revenues could be spent on expanding the current statewide radio system.

**Office of the Secretary of State**

13. This bill will have minimal cost for postage and administrative duties. The Office of the Secretary of State does not receive general fund monies for office operations but has agreed to assume the fiscal responsibility for this bill.
14. In reviewing and establishing statutory appropriations, the legislature should consider the following guidelines:

	<u>YES</u>	<u>NO</u>
a. The money is from a continuing, reliable, and estimable source.	X	
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.	X	
c. The authority exists elsewhere.	X	
d. An alternative appropriation method is available, practical, or effective.	X	
e. It appropriates state general fund money for purposes other than paying for emergency services.		X
f. The money is used for general purposes.	X	
g. The legislature wishes to review expenditure and appropriation levels each biennium.	X	
h. An expenditure cap and sunset date are excluded.		X

	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>
<b><u>Fiscal Impact: Department of Justice</u></b>				
FTE	3.00	3.00	3.00	3.00
<b><u>Expenditures:</u></b>				
Personal Services	\$296,920	\$296,920	\$301,149	\$305,441
Operating Expenses	\$199,497	\$179,133	\$181,820	\$184,548
Equipment	\$2,974,000	\$2,860,000	\$2,902,900	\$2,946,444
<b>TOTAL Expenditures</b>	<b>\$3,470,417</b>	<b>\$3,336,053</b>	<b>\$3,385,869</b>	<b>\$3,436,433</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$3,470,417	\$3,336,053	\$3,385,869	\$3,436,433
<b>TOTAL Funding of Exp.</b>	<b>\$3,470,417</b>	<b>\$3,336,053</b>	<b>\$3,385,869</b>	<b>\$3,436,433</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$12,371,000	\$12,371,000	\$12,371,000	\$12,371,000
<b>TOTAL Revenues</b>	<b>\$12,371,000</b>	<b>\$12,371,000</b>	<b>\$12,371,000</b>	<b>\$12,371,000</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$8,900,583	\$9,034,947	\$8,985,131	\$8,934,567

\_\_\_\_\_ Date                      \_\_\_\_\_ Date                      \_\_\_\_\_ Date

Sponsor's Initials                      Date                      Budget Director's Initials                      Date



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## Dedication of Revenue 2021 Biennium

17-1-507, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay?**  
Yes.
- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**  
Funding is specifically to be used to fund and staff services necessary to provide operation, maintenance, sustainability and potential expansion of the statewide public safety communication system.
- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**  
Yes
- d) **Does the need for this state special revenue provision still exist? \_\_\_Yes \_\_\_No (Explain)**  
Yes. Without this state special revenue, local governments and the Montana Highway Patrol would have to fund the system.
- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**  
No.
- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**  
Unknown
- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**  
This dedicated revenue provision would allow for accounting and auditing of the fund.