



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB0081

Title: Include prepaid wireless in 9-1-1 tax

Primary Sponsor: Regier, Keith

Status: As Amended in Senate Committee

- 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 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$174,800	\$707,400	\$715,600	\$723,900
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$174,800	\$707,400	\$715,600	\$723,900
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 81, as amended, would create a \$1.00 fee on prepaid wireless lines for 9-1-1 services. The estimated impact of this bill would be an increase in state special revenue of about \$174,800 for fiscal year 2022, \$707,400 for fiscal year 2023, \$715,600 for fiscal year 2024, and \$723,900 for fiscal year 2025. The department does not expect to incur additional administrative costs.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

- SB 81, as amended, includes prepaid wireless services in those required to pay the 9-1-1 fee.
- Under current law, the total 9-1-1 fee is \$1.00 per month per access line, \$0.75 for the administration of 9-1-1 programs, and \$0.25 for grants outlined in 10-4-306, MCA. This bill would add a \$1.00 per transaction fee on prepaid wireless lines for prepaid wireless 9-1-1 services.
- Using the number of access lines that currently pay the TDD fee, which includes prepaid wireless services, compared to the number of access lines that currently pay the 9-1-1 fee, including prepaid wireless services would increase the number of access lines paying the 9-1-1 fee by just under 60,000 lines per month, or approximately 710,000 lines per year.

4. The effective date of this bill in January 1, 2022. Sellers would be permitted to keep the entire fee for prepaid wireless services in the first quarter of calendar year 2022 and then keep 2% of the fee as a vendor allowance each quarter thereafter.
5. With the 2% vendor allowance, and assuming an average of one transaction per month per access line, the 9-1-1 fee on prepaid wireless is estimated to increase 9-1-1 fee revenue by approximately 5% over current law, beginning with the last quarter of FY 2022.
6. The estimated net impact of this bill on state special revenue would be an increase in 9-1-1 fee revenue of about \$174,800 for fiscal year 2022, \$707,400 for fiscal year 2023, \$715,600 for fiscal year 2024, and \$723,900 for fiscal year 2025. The following table shows the estimated collections under current law and under this bill.

	FY2022	FY2023	FY2024	FY2025
Current Law Forecast	\$13,906,800	\$14,071,200	\$14,235,500	\$14,399,900
This Bill	\$14,081,600	\$14,778,500	\$14,951,200	\$15,123,800
Revenue Impact - Prepaid Wireless	\$174,800	\$707,400	\$715,600	\$723,900

7. Administration of this bill would result in minimal additional costs to the department.

Department of Administration

8. SB 81, as amended, restores the original fee amounts of \$0.75 and \$0.25 under 10-4-201(1)(a) and (1)(b), MCA, resulting in no fiscal impact to the Department of Administration.
9. It is assumed the additional revenue would be expended on additional grants.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Grants	\$174,800	\$707,400	\$715,600	\$723,900
TOTAL Expenditures	<u>\$174,800</u>	<u>\$707,400</u>	<u>\$715,600</u>	<u>\$723,900</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$174,800	\$707,400	\$715,600	\$723,900
TOTAL Funding of Exp.	<u>\$174,800</u>	<u>\$707,400</u>	<u>\$715,600</u>	<u>\$723,900</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$174,800	\$707,400	\$715,600	\$723,900
TOTAL Revenues	<u>\$174,800</u>	<u>\$707,400</u>	<u>\$715,600</u>	<u>\$723,900</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

NO SPONSOR SIGNATURE

Sponsor's Initials

2/2/21
Date

KA
Budget Director's Initials

2/2/21
Date