



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 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 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	(\$184,300)	(\$33,800)	(\$34,100)	(\$34,500)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	(\$184,300)	(\$33,800)	(\$34,100)	(\$34,500)
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 81 decreases the 9-1-1 fee from \$1.00 to \$0.95 and creates a \$0.95 fee on prepaid wireless lines for 9-1-1 services. The estimated impact of this bill would be a decrease in state special revenue of \$184,300 in fiscal year 2022, \$33,800 in fiscal year 2023, \$34,100 in fiscal year 2024, and \$34,500 in fiscal year 2025 and a decrease in expenditures of a like amount.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

- SB 81 decreases the fee for 9-1-1 services and 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 access line of which, \$0.75 is for the administration of 9-1-1 programs and \$0.25 is for grants outlined in 10-4-306, MCA. This bill would decrease the total 9-1-1 fee to \$0.95 per line of which, \$0.72 is for the 9-1-1 programs, and \$0.23 is for the grants. The bill also adds the \$0.95 fee to prepaid wireless lines for prepaid wireless 9-1-1 services.

3. 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, increases the number of access lines paying the 9-1-1 fee by 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. The distribution of this revenue impact, based on the decrease in fees for the 9-1-1 programs and grants and the new fee for prepaid wireless 9-1-1 services, is shown in the following table.

	FY 2022	FY 2023	FY 2024	FY 2025
Administration of 9-1-1 programs	(\$208,602)	(\$422,136)	(\$427,065)	(\$431,997)
9-1-1 Grants	(\$139,068)	(\$281,424)	(\$284,710)	(\$287,998)
Prepaid wireless 9-1-1 services	\$163,370	\$669,760	\$677,675	\$685,495

6. The estimated net impact of this bill on state special revenue would be a decrease in 9-1-1 fee revenue of about \$184,300 for fiscal year 2022, \$33,800 for fiscal year 2023, \$34,100 for fiscal year 2024, and \$34,500 for fiscal year 2025. The following table shows the estimated collections under current law and under this bill.

	FY 2022	FY 2023	FY 2024	FY 2025
Current Law	\$13,906,800	\$14,071,200	\$14,235,500	\$14,399,900
This Bill	\$13,722,500	\$14,037,400	\$14,201,400	\$14,365,400
Revenue Impact	(\$184,300)	(\$33,800)	(\$34,100)	(\$34,500)

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

Department of Administration

8. Funding for the 9-1-1 program will be reduced by SB 81, which will likewise reduce the amounts available for distributions to local 9-1-1 programs and for 9-1-1 grants. The reduction in revenue will be offset by the fee assessed on prepaid wireless 9-1-1 services.
9. Administration of this bill will not result in additional costs to the department.

	<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>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
Grants	(\$184,300)	(\$33,800)	(\$34,100)	(\$34,500)
TOTAL Expenditures	(\$184,300)	(\$33,800)	(\$34,100)	(\$34,500)
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$184,300)	(\$33,800)	(\$34,100)	(\$34,500)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	(\$184,300)	(\$33,800)	(\$34,100)	(\$34,500)
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$184,300)	(\$33,800)	(\$34,100)	(\$34,500)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
TOTAL Revenues	(\$184,300)	(\$33,800)	(\$34,100)	(\$34,500)
<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
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0

NO SPONSOR SIGNATURE

1/15/21
Date

KA
Budget Director's Initials

1/15/21
Date

Sponsor's Initials