

**State Fiscal Note for Bill  
Number: 2020-h-7534**

**Date of State Budget Office Approval:**

**Date Requested:** Monday, February 24, 2020

**Date Due:** Thursday, March 5, 2020

**Impact on Expenditures**

FY 2020  
FY 2021 (\$1,023,899)  
FY 2022 (\$1,047,449)

**Impact on Revenues**

FY 2020  
FY 2021 (\$10,238,933)  
FY 2022 (\$10,474,489)

**Explanation by State  
Budget Office:**

This bill amends RIGL 39-21.1-14, entitled “911 Emergency Telephone Numbering Act”, and RIGL 39-21.2-4, entitled “Prepaid Wireless Charge Act”, eliminating the first responders surcharge (RIGL 39-21.1-14) and adding a provision that enables the Public Utilities Commission to reduce the E-911 Surcharge if it is determined the funds collected exceed the financing needed to operate the E-911 uniform emergency telephone system (RIGL 39-21.1-14 & 39-21.2-4).

The first responder surcharge is a monthly surcharge of fifty cents (\$.50) for wireline telephones and a monthly surcharge of seventy-five cents (\$.75) assessed on each user’s phone bill. Under current law, 90% of the first responder surcharge is deposited in the general fund and 10% is deposited in the information technology investment fund (ITIF).

The E-911 surcharge is a monthly surcharge of fifty cents (\$.50) for both wireline and wireless telephones assessed on each user’s phone bill and a surcharge of two and one-half percent (2.5%) per retail transaction for pre-paid wireless phones.

**Comments on  
Sources of Funds:**

The receipts from the first responder surcharge are deposited in the general fund and the ITIF. The receipts from the E-911 surcharge are deposited as restricted receipts.

**Summary of Facts  
and Assumptions:**

1. The bill takes effect upon passage, which is assumed to be July 1, 2020.
2. The receipts generated from the E-911 surcharge do not currently exceed the financing needed to operate the E-911 uniform emergency telephone system. It is assumed the Public Utilities Commission will not adjust the surcharge in FY 2021 or FY 2022.

**Summary of Fiscal  
Impact:**

FY 2020 Fiscal Impact:  
The assumed date of passage for the bill is July 1, 2020, therefore there is no reported fiscal impact in FY 2020.

FY 2021 Fiscal Impact:  
The general revenue portion of receipts from the first responders surcharge are estimated in the Revenue Estimating Conferences (REC); the total receipts listed below include the portion deposited into the ITIF as well and were derived by dividing the general revenue portion adopted by the November 2019 REC by .90 (surcharge ÷ .90).

Wireline phone first responders surcharge: \$2,804,217

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Wireless phone first responders surcharge: \$7,434,776  
Total first responders surcharge: \$10,238,933

A breakout of receipts by source of funds is listed below:

General Fund: \$9,215,093  
ITIF: \$1,023,899  
Total: \$10,238,933

The Bill will eliminate the first responders surcharge, and the resulting changes to revenue are listed by fund source below:

General Fund: (\$9,215,093)  
ITIF: (\$1,023,899)  
Total: (\$10,238,933)

This analysis uses the simplifying assumption that ITIF expenditures are concurrent with revenues. Therefore, it is reasonable to assume ITIF expenses will be reduced in each year in equal measure to the revenue loss. The elimination of the first responders surcharge will result in a \$1,023,899 decrease in expenditures in FY 2021.

The bill does not have a direct impact on general revenue expenditures, but the bill will increase the projected future year budget deficits.

FY 2022 Fiscal Impact:

The fiscal impact of FY 2022 is calculated by applying the forecasted FY 2022 Consumer Price Index of 2.3% to the estimated FY 2021 collections. The resulting changes to revenue, from current law, are listed by fund source below:

General Fund: (\$9,427,040)  
ITIF: (\$1,047,449)  
Total: (\$10,474,489)

This analysis uses the simplifying assumption that ITIF expenditures are concurrent with revenues. Therefore, it is reasonable to assume ITIF expenses will be reduced in each year in equal measure to the revenue loss. The elimination of the first responders surcharge will result in a \$1,047,449 decrease in expenditures in FY 2022.

The bill does not have a direct impact on general revenue expenditures, but the bill will increase the projected future year budget deficits.

Budget Office Signature:



Fiscal Advisor Signature:

