



HF 2439 – E911 Surcharge Fund (LSB6014HZ.1)

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Fiscal Note Version – As amended by **S-5135**

Description

House File 2439 relates to the distribution and expenditures of the E911 Emergency Communications Service surcharge. The bill establishes a priority of funding, increases the amount of moneys allocated for funding to the public safety answering points (PSAPs), and limits the carryover amount to \$3.5 million annually. The bill also requires the Department of Homeland Security and Emergency Management (DHSEM) to conduct a study by January 15, 2017, to determine the most efficient method to consolidate the PSAPs.

Amendment **S-5135** limits the amount that can be spent for consolidation and other grants to the PSAPs, and the development of public awareness and educational programs to \$4.4 million in FY 2017. This will allow a carryover amount of \$8.7 million in FY 2017 and \$5.4 million in FY 2018. In FY 2019 and subsequent years, the carryover amount is limited to \$3.5 million for a catastrophic event.

Background

Currently, 46.0% of the total amount of E911 surcharge generated per calendar quarter is distributed to the PSAPs. There are 114 PSAPs in the state, including the Department of Public Safety. This bill changes the initial distribution to PSAPs to 60.0% of the total amount of E911 surcharge generated per calendar quarter. The allocation of revenue will continue in proportion to the PSAP square mileage and the number of wireless E911 calls received by each PSAP. The bill also eliminates the accumulation of a carryover operating surplus in the fund by directing the program manager to expend and distribute all of the funds except for \$3.5 million. This is the amount needed in reserve in case of a catastrophic occurrence within the system.

The priority order for distributing funds from the E911 Emergency Communications Fund upon enactment of **HF 2349** will be:

1. An amount appropriated by the General Assembly to implement, support, and maintain the functions of the director and program manager and employ the State Auditor to perform an annual audit of the E911 fund. This amount has previously been set at \$250,000 per fiscal year.
2. Sixty percent allocated to the individual PSAPs based on a formula. This formula allocates 65.0% in proportion to the square miles of the PSAP service area to the total square miles in the state, and 35.0% allocated in proportion to the wireless E911 calls received at the PSAP to the total calls received statewide. This amount is estimated to be \$16.8 million beginning in FY 2017. No PSAP will receive less than \$1,000 per quarter.
3. Ten percent of the total amount of surcharge revenue is available to the wireless carriers to recover their costs to deliver E911 Phase I services.
4. Reimbursement of communications service providers on a quarterly basis for their eligible transport costs.
5. Wire-line carriers and third-party E911 automatic location information costs.
6. Grants to any PSAP agreeing to consolidate. Grants will not exceed one-half of the projected cost of consolidation, or \$200,000, whichever is less.

7. An amount not to exceed \$100,000 for development of public awareness and educational programs for personnel responsible for the maintenance, operation, and upgrading of local E911 systems.
8. Any remaining funds will be distributed equally to the PSAPs to fund future network improvements and the receipt and disposition of 911 calls, for costs related to accessing the state's interoperable communications system; and costs related to the receipt and disposition of E911 calls, and wireless carriers' transport costs related to wireless E911 services, if those costs are not otherwise recovered.

Under amendment [S-5135](#), items 6, 7, and 8 listed above will be limited to a total expenditure of \$4.4 million for FY 2017. This is reflected in the table below.

Assumptions

- Revenues will continue to be generated as they have been in past years, and are estimated to be \$28.1 million annually.
- Beginning in FY 2017, annual projected expenses (other than direct payments to the PSAPs) are estimated to be \$6.7 million through FY 2019 and \$6.5 million through FY 2024.

Fiscal Impact

There is no impact to the General Fund, as all revenues are from the E911 wireless surcharge. The following table summarizes the revenues and expenses projected under this bill.

**Projected Revenue and Expenditures – E911 Emergency Communications Fund
HF 2439 as amended by S-5135**

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Projected Revenue	\$ 28,075,000	\$ 28,075,000	\$ 28,075,000	\$ 28,075,000	\$ 28,075,000
Carryover Fund Brought Forward	19,798,811	8,734,811	5,445,811	3,500,000	3,500,000
Total Revenue	<u>47,873,811</u>	<u>36,809,811</u>	<u>33,520,811</u>	<u>31,575,000</u>	<u>31,575,000</u>
Projected Expenses	13,149,000	6,664,000	6,664,000	6,664,000	6,464,000
PSAP 60% Pass Through	12,880,000	16,800,000	16,800,000	16,800,000	16,800,000
Total Expenses	<u>26,029,000</u>	<u>23,464,000</u>	<u>23,464,000</u>	<u>23,464,000</u>	<u>23,264,000</u>
Total Projected Operating Surplus	\$ 21,844,811	\$ 13,345,811	\$ 10,056,811	\$ 8,111,000	\$ 8,311,000
Catastrophic Reserve	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000
Grant Amount Legislated or Available	\$ 9,610,000	\$ 4,400,000	\$ 6,556,811	\$ 4,611,000	\$ 4,811,000
Carryover Amount	\$ 8,734,811	\$ 5,445,811	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000

The funding increase or decrease by individual PSAP will vary.

Source

Homeland Security and Emergency Management Department

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the LSA upon request.
