



SF 2307 – 911 Emergency Telephone Systems (LSB5243SV)
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Fiscal Note Version – New

Description

[Senate File 2307](#) relates to 911 emergency telephone communication systems and the 911 Surcharge Fund and makes changes to Iowa Code chapter [34A](#).

Background

Currently, the 911 Surcharge Fund is distributed in the following order:

- \$250,000 to the Homeland Security and Emergency Management Department (HSEMD) for administration of the 911 Surcharge Fund.
- 60.0% to the individual Public Safety Answering Points (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% in proportion to the wireless 911 calls received at the PSAP to the total calls received statewide.
- 10.0% of the surcharge revenue to wireless carriers to recover costs.
- Reimbursement of communications service providers for eligible transport costs.
- Wireline carriers and third-party 911 automatic location information costs.
- 12.5% (\$3.5 million) for a reserve in case of a catastrophic event.
- Remaining funds are expended in grants to PSAPs, and up to \$100,000 is allocated for development of public awareness and educational programs.

Enacted during the 2017 Legislative Session, [SF 500](#) (E911 Consolidation) required the HSEMD to determine the potential cost savings of combining the wireline 911 network with the Next Generation wireless 911 network. House File 2254 would:

- Make no changes to how the current 911 wireline surcharge is collected or distributed.
- Make no changes to how the 911 wireless surcharge fund formula is distributed to the PSAPs.
- Remove the cap on the amount of funds available for local PSAP consolidation grants.
- Eliminate the wireline network and create a shared service environment that the HSEMD would operate and maintain. Public Safety Answering Points could voluntarily opt in to utilize this shared service, which would create equipment and operational cost savings at the local level.

Assumptions

- Revenues would continue to be generated as they have in past years.
- Wireline revenue would still be allocated to the local PSAPs according to current law.
- There would be \$10.6 million in one-time costs to merge the networks, purchase call processing equipment, and connect PSAPs in FY 2019. The HSEMD would pay for those costs from the 911 Surcharge Fund. If fewer than 113 PSAPs chose to utilize the shared service, these costs would be less, and this difference would go into the operating surplus fund.
- Starting in FY 2020, there would be \$3.0 million in recurring costs to operate the shared networks, which would be paid for from the 911 Surcharge Fund.

- All remaining operating surplus funds would be passed through to local 911 service boards.

Fiscal Impact

There is no impact to the General Fund as all revenues are from the 911 Surcharge Fund. Statewide, local PSAPs could save approximately \$6.6 million a year in phone services and call processing equipment if all PSAPs were to participate. **Table 1** shows a projection provided by the HSEMD of the revenue, expenses, and surplus for FY 2018 through FY 2020 under [SF 2307](#).

Table 1

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Revenue			
Surcharge Revenue	\$29,500,000	\$29,500,000	\$29,500,000
Operating Surplus Carried Forward	14,140,713	12,551,837	0
Unused Catastrophic Reserve	3,496,124	3,540,000	3,540,000
Total Revenue	<u>\$47,136,837</u>	<u>\$45,591,837</u>	<u>\$33,040,000</u>
Expenses			
HSEMD Administration	\$250,000	\$250,000	\$250,000
60.0% Formula PSAP Payments	17,600,000	17,600,000	17,600,000
GIS Grants	1,695,000	1,130,000	1,130,000
Network Expenses and Obligations	4,500,000	15,100,000	7,500,000
Grants/Surplus Pass-Through	6,900,000	0	0
911 Council, Education and Training	100,000	100,000	100,000
Total Expenses	<u>\$31,045,000</u>	<u>\$34,180,000</u>	<u>\$26,580,000</u>
Surplus			
Projected Operating Surplus Balance	\$16,091,837	\$11,411,837	\$6,460,000
Grants/Surplus Pass-Through*	0	7,871,837	\$2,920,000
Catastrophic Reserve	3,540,000	3,540,000	3,540,000
Surplus Available	<u>\$12,551,837</u>	<u>\$0</u>	<u>\$0</u>

*Due to changes established in [SF 2307](#), the operating surplus balance would be eliminated through grants and pass through to local PSAPs.

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 Legislative Services Agency upon request.
