

Fiscal Services Division Legislative Services Agency Fiscal Note

HF 2434 - E911 (LSB 6446 HV)

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Fiscal Note Version - New

Description

House File 2434 updates and modifies the enhanced 911 emergency telephone communications system.

Assumptions

1. There are approximately 1.3 million wireless cellular phone subscribers. Changes in the subscriber base affect receipts and expenses in the State E911 Program.
2. Senate File 530 (FY 1999 E911 Commission Act) provided for a \$0.50 statewide monthly per phone line surcharge on wireless communications, which began January 1, 1999. The surcharge is collected monthly by wireless providers and remitted to the State E911 Program on a quarterly basis (Chapter 605 – 10.5, Iowa Administrative Code).
3. The quarterly revenue estimate per calendar quarter is approximately \$2.0 million or \$8.0 million per year.
4. The current surcharge is \$0.50 on each wireless telephone line. The past cost to implement and maintain Phase 1 was \$0.58, which created a carry forward debt of about \$3.0 million (As of July 1, 2004). Recently, the Department of Homeland Security and Emergency Management renegotiated the tariffs with Quest, which reduced the cost to maintain Phase 1 to \$0.49 per line/per month. The Department is using the remaining \$105,000 per quarter to pay off outstanding obligations. At this amount, the debt will be paid off in seven and one quarter years or October 1, 2011.
5. Under Phase 1, a 911 call made from a wireless device has the call back number and address of the nearest tower forwarded to the appropriate public safety answering point.
6. Phase 2 would add latitude and longitude coordinates of the phone at the time the 911 call was received. To implement Phase 2, updates and modifications need to be made to the equipment at the Public Safety Answering Points (PSAPs).
7. There are 127 Public Safety Answering Points in Iowa.
8. The Department of Homeland Security has received a \$500,000 grant from the Public Safety Foundation of America, which will help start the implementation of Phase 2 in approximately 110 of the 127 PSAPs. (Some PSAPs have been using wire-line money to start the Phase 2 conversion in the meantime).
9. The local wire-line E911 surcharge is passed by local county referendum to fund recurring and non-recurring costs at the PSAP. The amount of the surcharge can vary from \$0.25 to \$2.50 per month, per telephone line. As of December 31, 2003, 72 counties had a \$1.00 surcharge, 23 counties had less than a \$1.00 surcharge, two counties had more than a \$1.00 surcharge, and two counties had no surcharge.
10. The Federal Communications Commission (FCC) states that once Phase 2 is requested by the PSAP, the upgrade should be 50.0% complete within six months and completely finished within 18 months. The average cost for a PSAP to upgrade to Phase 1 and implement Phase 2 is estimated to be about \$100,000 per PSAP.
11. House File 2434 establishes a priority order of payment. Under this priority order, the debt will be paid off by January 1, 2006.
12. The cost for the State Auditor to audit the E911 Fund ranges from \$5,000 to \$10,000 for the first year. The cost for ongoing years may be less costly. The costs may vary based on the

amount of hours required for the audit, the number of employees needed, and the expertise level of the employees involved in the audit.

13. The wire-line reimbursement for transport costs is \$408,000 per quarter, which includes \$342,000 for Qwest and \$66,000 to the other telephone companies.
14. The associated wireless carriers and third-party Automated Location Information (ALI) costs are \$870,000 per quarter, which includes \$484,000 for the selective router and \$386,000 for the third-party database.
15. Prior to the debt being paid off, \$127,000 per quarter is going to the Public Safety Answering Points, which equates to \$508,000 per year divided by 127 PSAPs is about \$4,000 per PSAP.
16. Once the debt is paid off, up to \$400,000 per quarter would be allocated by a formula to the E911 Service Boards or PSAPs with no less than \$1,000 going to each of the 127 PSAPs. This equates to \$1.6 million per year.
17. House File 2434 reimburses the Iowa Law Enforcement Academy for dispatcher training by \$32,000 per quarter or \$128,000 per year to help offset the cost to run the Program.

Fiscal Impact

House File 2434 does not create any additional revenue above current law, however, the current \$0.50 level of revenue will be redistributed as follows:

<u>CURRENT LAW</u>	<u>QUARTERLY DISTRIBUTION</u>
A Administration	\$ 50,000
B Wireline carrier reimbursement for transport costs	\$ 408,000
C Associated wireless carriers and third-party Automated Location Information (ALI) costs	\$ 870,000
Wireless carrier cost recovery	\$ 525,000
D Per quarter payment towards debt retirement	\$ 105,000
 <u>PRIOR TO DEBT BEING PAID OFF - HF 2434</u>	
A Administration	\$ 51,000
B Wireline reimbursement for transport costs	\$ 408,000
C Associated wireless carriers ALI costs	\$ 870,000
D Per quarter payment towards debt retirement	\$ 500,000
E Money to Public Safety Answering Points (PSAPs)	\$ 127,000
 <u>AFTER DEBT IS PAID OFF - HF 2434 - January 1, 2006</u>	
A Administration	\$ 51,000
B Wireline reimbursement for transport costs	\$ 408,000
C Associated wireless carriers ALI costs	\$ 870,000
E Money to PSAPS	\$ 400,000
F Law Enforcement Academy Dispatcher Training	\$ 32,000
G Wireless Carrier Cost Recovery	\$ 197,000

Source

Department of Homeland Security and Emergency Management Division

Dennis C Prouty

March 9, 2004

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
