



HOUSE COMMITTEE ON APPROPRIATIONS

2009-10 Legislative Session

FISCAL NOTE

HOUSE BILL: 718

PRINTER'S NO: 797

PRIME SPONSOR: Melio

FISCAL IMPACT SUMMARY	FY 2008/09	FY 2009/10
Revenue Increase/(Decrease):		
Wireless E-911 Emergency Service Fund		\$100,000,000

OVERVIEW:

House Bill 718 extends the June 30, 2009 sunset date for the wireless E-911 surcharge fee in the Public Safety Emergency Telephone Act (Act 78 of 1990) for five years until June 30, 2014.

Current law provides a \$1.00 per month surcharge for each wireless device that provides two-way communications and for which the customer is charged by a wireless provider for wireless service. The revenue from these fees is deposited in the Wireless E-911 Emergency Services Fund (henceforth, the Fund). Act 56 of 2003 added these provisions to the Public Safety Emergency Telephone Act.

According to the Governor's Executive Budget Book, the Fund had a balance of \$10,133,000 on July 1, 2008, and is estimated to receive \$100,000,000 in revenue for the fiscal year. Recent data shows that the actual revenue could be slightly more, as much as four percent more.

The Pennsylvania Emergency Management Agency (PEMA) may deduct 2% of the revenue for administrative costs, and nearly all the remaining amount is distributed as grants to Public Safety Answering Points (PSAPs)—(that is, the 9-1-1 call centers) for compliance costs pursuant to orders from the Federal Communications Commission relating to E-911 and implementation of provisions of Act 78. The residual amount—about \$743,000—is used for reimbursement of miscellaneous costs due to the implementation of the program. The administrative cost for FY 2008/09 is estimated to be \$2.2 million, and the Governor's budget anticipates \$2 million for FY 2009/10, provided the surcharge sunset date is extended.

In addition to administering the grant program, which absorbs about 25% of staff time paid for by the Fund, PEMA is responsible for program oversight, quality assurance, training, and compliance monitoring. The Fund pays for one full-time employee plus the portion of three other employees who dedicate part of their time to implementation of the program.

There are 69 PSAPs: one for each county plus Allentown and Bethlehem who were grandfathered into the law.

According to PEMA, 61 of the 67 counties have deployed Phase II of the Wireless E-911 service, meaning that the call-back number and exact location of the caller can be determined. The agency anticipates further costs for PSAPs from obsolescence of technology due to next generation 9-1-1 requirements, interfacing with internet protocol (IP) based solutions, and equipment vendor consolidation.

According to PEMA, personnel expenses make up roughly on average 70% of a PSAP's costs. Last fiscal year (2007/08), \$101,533,000 was distributed to the PSAPs, and it is estimated that at least \$107,057,000 will be distributed this fiscal year. These distributions exceed revenue because funds were carried over from previous years. According to the PEMA Bureau of 9-1-1 Programs' *9-1-1 Program Annual Report for FY 2007-08*, expenses (\$255.8 million) to implement the Wireless E 9-1-1 of the PSAPs exceeded total reimbursements (\$188.8 million) by \$67 million. The total reimbursements for 2007/08 include revenue from landline telephone surcharges.

Wireless calls account for about 55% of all calls made to 9-1-1 centers.

The Governor proposed \$6,763,000 to fund the general government operations of PEMA for FY 2009/10.

The effective date of the bill is immediate.

ANALYSIS:

Extension of the sunset date for the \$1 monthly fee will enable revenue from this fee to be collected and deposited in the Wireless E-911 Emergency Service Fund for another five years. The Administration estimates the revenue will be approximately \$100 million per annum. Current collections show that revenue is about 4% above expectations.

If the sunset date is not extended, it will necessitate a suspension of the grants to the PSAPs, causing them to lose \$98 million in revenue in FY 2009/10. Only funds carried over from previous years could be allocated in FY 2009/10, and thereafter no funds would remain. The counties are not required by law to maintain 9-1-1 call centers, and it is not clear how the counties would respond to the loss of revenue. A county could respond by diverting revenue from other county services, increasing taxes, or reducing hours of operation of the call center.

Also, if the sunset date is not extended, the PEMA appropriation for general government operations would have to absorb all the expenses for the responsibilities of implementing Wireless 9-1-1 which would still be required despite the removal of the funding. It might necessitate laying off at least one employee.

Staff at the Pennsylvania Emergency Management Agency provided information used in this fiscal note.

PREPARED BY: Erik Randolph, Senior Analyst
House Appropriations Committee, (D)

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General Note and Disclaimer: *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*