

January 31, 2019

The Honorable Joe Seiwert, Chairperson
House Committee on Energy, Utilities and Telecommunications
Statehouse, Room 481-W
Topeka, Kansas 66612

Dear Representative Seiwert:

SUBJECT: Fiscal Note for HB 2084 by House Committee on Energy, Utilities and Telecommunications

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2084 is respectfully submitted to your committee.

HB 2084 would amend current law concerning the Kansas 911 Act and public safety answering points (PSAPs). The bill would add definitions for GIS, which is a geographic information system; GIS data, which is the geometry and associated attributes packaged in a geodatabase; and non-traditional PSAPs, which are PSAPs not operated by a city or county. The definition of next generation 911 (NG911) would be clarified to mean a 911 service that conforms with National Emergency Number Association i3 standards. The person designated by the 911 Coordinating Council to serve as the local collection point administrator (LCPA) would be given the authority to distribute 911 operations fund monies in addition to other monies. The bill would change the makeup of voting members of the 911 Coordinating Council from one member representing PSAPs without regard to the size of the county to one member representing the Kansas Chapter of the Association of Public Safety Communications Officials. It would also add two non-voting members representing non-traditional PSAPs, with one a representative of tribal government.

The bill would authorize the Council to adopt rules and regulations for establishing training standards and programs related to technology and operations of the statewide NG911 hosted solution and establishing data standards, maintenance policies and data reporting requirements for GIS data; however, the Council would be prohibited from adopting rules and regulations or imposing any requirements that create a mandatory certification program of PSAP operations or PSAP emergency communications. The bill would create the procedure the Council would follow for dealing with GIS data for a PSAP that is inaccurate or has not been updated for a year or more. The authority of the Council to raise the statutory 911 fee would be removed, as would the \$.60 cap on the local 911 fee share. If a PSAP fails to file and finalize an annual report, 10.0 percent

of each subsequent distribution of 911 fees must be withheld and could not be distributed until the report had been submitted.

The bill would require the LCPA selected by the Council to establish a 911 state fund for the collection and distribution of 911 fees; a 911 operations fund for administrative costs of the Council and deployment and maintenance of the NG911; and a 911 state grant fund for grants to individual PSAPs. These funds would not be a part of the state treasury. The bill would clarify what the proceeds from the 911 fees could be used for and would establish a process for a PSAP to seek pre-approval of an expenditure. The Council would be required to annually review expenditures of the 911 funds reported on the annual report of each PSAP, and the bill would establish the steps to be taken if it is determined that an expenditure is not lawful.

According to the bill, prior to the statutory distribution of 911 fees to the PSAPs, the LCPA would withhold \$.23 from every fee remitted and deposit that amount in the 911 operations fund to be used for the deployment and maintenance of the statewide NG911 system and standardized functionality upgrades to that system. Funds withheld in excess of 15.0 percent of the total receipts received by the LCPA from providers and the Kansas Department of Revenue over the prior three years would be deposited in the 911 state grant fund to be used for PSAP need-based grants. The current 911 fee would be increased from \$.53 per month per subscriber account to \$1.03 per month. The fee applied to prepaid wireless service would be increased from 1.06 percent per retail transaction to 2.06 percent, and the minimum county distribution would be increased from \$50,000 to \$60,000, with no county receiving less than \$60,000 of direct distribution monies. The bill would also make a number of technical corrections.

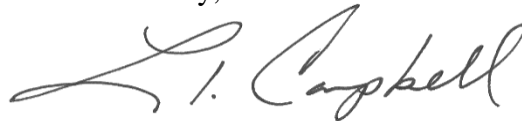
Information on the fiscal effect of HB 2084 was requested from the Kansas 911 Coordinating Council, which reported that local 911 centers receive a percentage, based on population, of the fee per subscriber account currently required by statute. Enactment of the bill would result in an increase in that percentage to \$.80 per subscriber account, for an overall estimated increase in revenue to the state's 117 PSAPs from \$18.5 million to \$24.7 million annually. By statute, every PSAP in the state receives at least \$50,000 in 911 fees annually. HB 2084 would increase that minimum amount to \$60,000, resulting in an annual increase of \$10,000 for each of approximately 51 of the 117 PSAPs. The increase to the prepaid wireless service fee is expected to generate an additional \$1.3 million resulting in total revenues from this source of about \$3.1 million.

For calendar year 2018, total funds available to the Council were \$6.3 million, while expenditures for system and administrative costs amounted to \$7.3 million, with administrative costs, which are statutorily capped at 2.5 percent, accounting for less than 2.0 percent of that total. This shortfall in funding, as well as that in prior years, has been covered using reserve funds from a transfer that took place when the Wireless Advisory Board program was ended in 2011. The Council states that without that reserve it would not have been able to make progress toward the NG911 system and that the reserve will be exhausted in 2020. The Council estimates that 2019 expenditures will exceed revenues by about \$4.0 million. This shortfall will continue into the future if the system is maintained at its current level and further advances towards full NG911 functionality are stalled. The proposed increase in monies available to the Council that would result from enactment of HB 2084 would provide sufficient revenue to cover system and

administrative costs for the Council, as well as allow system enhancement to full NG911. Without this increase in revenue, progress toward full NG911 functionality would end. Sustaining the existing system without the changes included in HB 2084 would require the PSAPs to provide an additional \$4.0 million from workstation fees, which would require nearly doubling the current workstation fee. The Council states that PSAPs would have insufficient 911 fee funds to handle this increase, leaving property tax dollars as the only source available to them to fund continuing 911 services for local jurisdictions.

The Kansas Association of Counties reports that enactment of HB 2084 would have a fiscal effect on all counties and cities that run a PSAP, as their current subscriber payment would increase from \$.60 to \$.80, resulting in an increase in the amount the PSAPs receive from the 911 fees.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell", written in a cursive style.

Larry L. Campbell
Director of the Budget

cc: Willie Prescott, Office of the Attorney General
Jay Hall, Association of Counties
Chardae Caine, League of Municipalities
Jake Fisher, KCC