



**State Fiscal Note for Bill**  
**Number: 2020-H-7347**

**Date of State Budget Office Approval:**

**Date Requested:**

**Date Due:**

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2020	\$0	FY 2020	\$0
FY 2021	\$3,880,367	FY 2021	\$0
FY 2022	\$3,973,496	FY 2022	\$0

*Explanation by State Budget Office:*

This bill amends RIGL 39-2.1-14 entitled, "911 Emergency Telephone Numbering Act", by directing a portion of the first responders surcharge into a restricted receipt account. The first responder surcharge is a monthly surcharge of fifty cents (\$.50) for landline telephones and a monthly surcharge of seventy-five cents (\$.75) for wireless telephones assessed on each user's phone bill. Under current law 90% of the surcharge is deposited in the general fund and 10% is deposited in the information technology investment fund (ITIF). The bill will direct twenty-five cents (\$.25) of the first responders surcharge, on both wireline and wireless phones, to a restricted receipt account to fund the E-911 uniform emergency telephone system or for reimbursement to local law enforcement agencies.

*Comments on Sources of Funds:*

The receipts from the first responder surcharge are deposited in the general fund and the ITIF. Under the provision of the bill a portion of the surcharge will be deposited into a restricted receipt account, similar to the E-911 surcharge currently.

*Summary of Facts and Assumptions:*

1. The bill takes effect upon passage, which is assumed to be July 1, 2020.
2. RIGL 39-2.1-14 establishes the E-911 surcharge which is deposited into a restricted account to fund the E-911 uniform emergency telephone system. The bill does not increase the E-911 surcharge; therefore, it is assumed the restricted receipts generated from the provision of the bill will be deposited into a new restricted account.
3. The bill does not adjust the amount of the surcharge deposited in the ITIF, and the analysis assumes 10% of the total surcharge will still be deposited into the fund.
4. The E-911 uniform telephone system is fully funded with restricted receipts from the E-911 surcharge. It is assumed the Department will spend 100% receipts received from the E-911 surcharge and first responder surcharge. All receipts in excess of the financing needed to operate the E-911 emergency telephone system will be remitted to local law enforcement agencies for the enhancement of local communication systems.

*Summary of Fiscal Impact:*

The bill does not adjust the surcharge assessed to phone users, and the net revenues of the surcharge will remain unchanged. However, the bill adjusts the disposition of revenues/receipts which will result in a decrease in general revenue.

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FY 2020 Fiscal Impact:

The assumed date of passage for the bill is July 1, 2020, thus there is no fiscal impact in FY 2020.

FY 2021:

The receipts from the first responders surcharge are estimated in the Revenue Estimating Conferences (REC); the total receipts estimated in the November 2019 REC were as follows:

Wireline surcharge: \$2,804,217  
Wireless surcharge: \$7,434,776  
Total: \$10,238,933

A breakout of receipts by source of funds is listed below

General Fund: \$9,215,093  
ITIF: \$1,023,899  
Total: \$10,238,933

The bill will direct twenty-five cents (\$.25) of the first responders surcharge, on both wireline and wireless phones, to a new restricted receipt account. The methodology to calculate the restricted receipts is broken out by surcharge below:

**Wireline Surcharge**

The wireline surcharge is fifty cents (\$.50) per line, and the twenty-five cents (\$.25) per line deposited as restricted receipts represents one half of total collections. To calculate the portion to be collected as restricted receipts total collections were divided by 2.

(Total wireline surcharge ÷ 2)

This results in \$1,402,109 collected as restricted receipts. The bill does not adjust the total surcharge and the increased restricted receipts is offset by an equal reduction in general revenue, resulting in the reported no net revenue impact from the bill.

**Wireless Surcharge**

The wireline surcharge is seventy-five cents (\$.75) per line, and the twenty-five cents (\$.25) per line deposited as restricted receipts represents one third of total collections. To calculate the portion to be collected as restricted receipts total collections were divided by 3.

(Total wireline surcharge ÷ 3)

This results in \$2,478,259 collected as restricted receipts. The bill does not adjust the total surcharge and the increased restricted receipts is offset by an equal reduction in general revenue, resulting in the reported no net revenue impact from the bill.

The new total collections by fund source for both surcharges are as follows:

General Fund: \$5,334,726  
Restricted Receipts: \$3,880,367  
ITIF: \$1,023,899  
Total: \$10,238,993

The resulting changes to revenue and expenditures are listed by fund source below:

Revenue:

General Revenue: (\$3,880,367)  
Restricted Receipt: \$3,880,367  
ITIF: \$0  
Total: \$0

Expenditure:

General Revenue: \$0  
Restricted Receipt: \$3,880,367  
ITIF: \$0  
Total: \$3,880,367

FY 2022:

The fiscal impact of FY 2022 is calculated by applying the forecasted FY 2022 Consumer Price Index of 2.4% to the estimated FY 2021 collections. The estimated receipts for both surcharges are listed below by fund source:

General Fund: \$5,462,760  
Restricted Receipts: \$3,973,496  
ITIF: \$1,048,473  
Total: \$10,048,473

Using the methodology described above, the resulting changes to revenue and expenditures, from current law, are listed by fund source below:

Revenue:

General Revenue: (\$3,973,496)  
Restricted Receipt: \$3,973,946  
ITIF: \$0  
Total: \$0

Expenditure:

General Revenue: \$0  
Restricted Receipt: \$3,973,946  
ITIF: \$0  
Total: \$3,973,946

Budget Office Signature: 

Fiscal Advisor Signature: 

