

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1317 - HB 1323

March 18, 2013

**SUMMARY OF BILL:** Increases, from 25 percent to 85 percent, the revenue distribution rate to emergency communications districts from the 911 Emergency Communications Fund.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue –**

**Exceeds \$30,000,000/FY13-14 and Subsequent Years/  
Emergency Communications Fund**

**Increase State Expenditures –**

**\$10,000,000/FY16-17 and Subsequent Years/General Fund**

**Increase Local Revenue –**

**Exceeds \$30,000,000/FY13-14 and Subsequent Years/  
Emergency Communications Districts**

Assumptions:

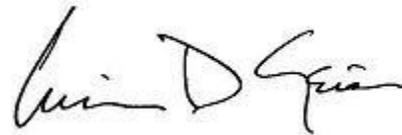
- Pursuant to Tenn. Code Ann. § 7-86-303, revenue for the 911 Emergency Communications Fund is generated from a charge on all commercial mobile radio service. This bill would increase the percentage of generated revenue which will be distributed to each local emergency communications district (EMCD).
- According to a report issued by the Tennessee Advisory Commission on Intergovernmental Affairs (TACIR), there are 100 EMCDs located across the state.
- Pursuant to Tenn. Code Ann. § 7-86-106, each EMCD shall be a “municipality” or public corporation in perpetuity but does not have the power to levy or collect taxes.
- According to the Department of Commerce and Insurance (C&I), over the past three fiscal years the average yearly revenue collected and deposited into the Enhanced Emergency 911 Services special revenue fund exceeded \$50,000,000.
- Based on the current distribution rate, ECDs receive approximately \$12,500,000 annually under current law.
- Based on the proposed distribution rate in this bill, ECDs will receive approximately \$42,500,000 annually. As a result, the recurring increase in local government revenue,

and the corresponding recurring decrease in state revenue (to the 911 Emergency Communications Fund) will exceed \$30,000,000 (\$42,500,000 - \$12,500,000).

- According to C&I, increasing this distribution rate to 85 percent will reduce the amount of revenue remaining in the Emergency Communications Fund, which is currently earmarked for recurring maintenance and operation expenditures for the Next Generation 911 (NG911) project, which is converting the state 911 infrastructure from analog to digital. This project is currently two years underway and the Department estimates two additional years are needed for completion.
- According to C&I, the recurring maintenance and operational expenditures after installation and completion of NG911 are estimated to be approximately \$16,000,000 each year. These recurring expenditures are assumed to begin in FY16-17 and each subsequent year thereafter.
- According to C&I, the increased distribution rate will leave approximately \$6,000,000 in recurring revenue each year in the Emergency Communications Fund for the estimated \$16,000,000 of recurring maintenance expenditures. As a result, the Department will require additional state funding of approximately \$10,000,000 each year to adequately maintain the NG911 system.

#### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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