SUMMARY OF BILL: Ratifies the increase of the 911 surcharge collected by dealers of communications services or prepaid communication services, from $1.16 to $1.50, effective January 1, 2021.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – $12,533,500/FY20-21/
911 Emergency Communications Fund
$25,066,900/FY21-22 and Subsequent Years/
911 Emergency Communications Fund

Assumptions:

- Pursuant to Tenn. Code Ann. § 7-86-128, the Tennessee Emergency Communications Board (TECB) may increase the surcharge; however no increase shall take effect until ratified by a joint resolution of the General Assembly.
- On August 7, 2019, the TECB voted to increase the 911 surcharge from $1.16 to $1.50.
- According to tax returns data, 75,230,919 surcharges were made during FY18-19.
- Pursuant to Tenn. Code Ann. § 7-86-128(a)(1), communications services dealers are permitted to retain two percent of the collections on 911 surcharges.
- Pursuant to Tenn. Code Ann. § 7-86-128(f)(5), the Department of Revenue (DOR) is authorized to deduct an administration fee of 1.125 percent of the collected charges. According to DOR, this administration fee is not deducted.
- The increase per surcharge is $0.34 ($1.50 – $1.16); therefore, the recurring increase in state revenue to the 911 Emergency Communications Fund, beginning in FY21-22, is estimated to be $25,066,942 [(75,230,919 x $0.34) – (75,230,919 x $0.34 x 2%)].
- The proposed language is effective January 1, 2021; therefore for FY20-21 the increase in state revenue to the 911 Emergency Communications Fund is estimated to be half of that which will be experienced in a full fiscal year. The increase in state revenue in FY20-21 is estimated to be $12,533,471 ($25,066,942 x 50.0%).
CERTIFICATION:

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

Krista Lee Carsner, Executive Director

/jrh