

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Communications and Public Utilities Committee

BILL: CS/SB 1200

INTRODUCER: Communications & Public Utilities and Senator Bennett

SUBJECT: Wireless Communications Fund

DATE: March 29, 2007

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Caldwell	Caldwell	CU	Fav/CS
2.	_____	_____	CA	_____
3.	_____	_____	FT	_____
4.	_____	_____	GA	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The Wireless Emergency Telephone System Trust Fund is renamed the Emergency Communications Number E911 System Fund. E911 fee revenues collected and communications service providers expenditures will be processed through the Fund in separate categories for non-wireless and wireless fees. The bill provides for preliminary allocation percentages for counties, service providers, rural county grants, and E911 Board administration with delegated authority to the Board to allocate expenditures based upon actual, verified expenses.

This bill substantially amends section 365.173 of the Florida Statutes.

II. Present Situation:

When the Wireless Emergency Communications Act was enacted in 1999, a Trust Fund was created for the revenues derived from the enhanced 911 (E911) fee levied on subscribers. The E911 fee is to be paid into the State Treasury on or before the 15th day of each month and accounted for in a special fund designated as the Wireless Emergency Telephone System Fund created in the State Technology Office (STO) and invested by the Chief Financial Officer. All moneys are to be expended by the STO for purposes provided in s. 365.172, F.S. The funds are not subject to the 7 percent general revenue services charge.

Trust fund monies were preliminarily allocated to be used only as follows:

- 44 percent for counties, based on the number of subscribers, for recurring costs and costs to comply with orders or rules;
- 54 percent to wireless providers based on actual costs incurred from sworn invoices to provide 911/E911 service. Allowable expenses are defined. Up to two percent of funds are used for Board administration. Deadlines are specified for providers to submit

estimates of expenses to the Board that in turn submits a legislative budget request for funds.

- Two percent is used to for rural counties for facilities and network and service enhancements and assistance for the 911 and E911 systems or for reimbursable loans and grants for upgrading the rural county 911 systems.

Based upon actual cost information, the Board revise the distributions. Therefore, the revenue from the wireless fee is currently :

- 60 percent county costs (based on county subscribers)
- 5 percent for the rural county grant program
- 35 percent wireless service provider costs (based on certified invoices)
- 3 percent administration costs from the wireless service provider's portion.

Legislative intent recognizes that the authorized fee may not provide the total funding required for establishing or providing 911 service. However, all revenue is to be used as specified in the chapter. Annual audits by the Auditor General are required through fiscal year 2008-09.

In 2001, chapter law 2001-10 recreated the trust fund without modification effective July 1, 2003. That same year, chapter law 2001-11 terminated the trust fund as of November 11, 2004 and then recreated the trust fund without modification effective November 4, 2004.

III. Effect of Proposed Changes:

Section 1 amends s. 365.173, F.S., to redesignate the Wireless Emergency Telephone System Fund as the Emergency Communications Number E911 System Fund. The bill makes conforming and substantive changes to this section consistent with the changes made in SB1198 that merge wireline and wireless 911 regulations.

The bill redesignates the fund with the Florida Enterprise Information Technology Services Office, or other office as designated by the Secretary of Management Services, rather than the State Technology Office and requires one category each for wireless and nonwireless. The trust fund monies must be initially distributed as follows and used only as directed:

- Sixty-seven percent of the moneys in the wireless category distributed to the counties based on the total number of service identifiers in each county and used exclusively for payment of authorized expenditures specified in s. 365.172(9), F.S., or costs to comply with the requirements for E911 service contained in the order or any future rules related to the order.
- Ninety-seven percent of the moneys in the nonwireless category shall be distributed monthly to counties based on the total number of service identifiers in each county and shall be used exclusively for payment of authorized expenditures specified in s. 365.172(9), F.S. Counties are required to return excess funds greater than the permissible E911 costs allowed in the bill.
- Thirty percent of the monies in the wireless category shall be distributed to wireless providers in response to sworn invoices submitted to the Board. Requires wireless providers to submit all sworn invoices for allowable purchases made in the previous year no later than March 31 of the fiscal year in order to be eligible for recovery in the ensuing state fiscal year.

- A time limit of December 31, 2007, is set for wireless providers to submit invoices for recovery of any remaining amounts in the wireless account as of December 31, 2006, notwithstanding the other allowable wireless distributions in the bill.
- One percent of the moneys shall be retained by the Board for costs and expenses incurred for the purposes of managing, administering and overseeing the receipts, and disbursements from the fund and other activities. Unused funds are to be addressed by the Board as specified in this section.
- Two percent of the monies shall be used for monthly distributions to rural counties as specified.
- Sets aside \$15 million of the existing 911 system fund for distribution by the board in order to prevent a loss to the counties for any delays in the remittance of wireline fees during the transition of this bill's requirements from existing law.
- The board is given certain discretion in disbursing the remaining funds.

Counties also must establish separate wireless and nonwireless funds. A county may carry forward up to 20 percent (down from 30 percent on wireline, up from 10 percent on wireless fees) of the total funds disbursed each year for expenditures for capital outlay, capital improvements, or equipment replacement, if made for specified purposes. However, the 20 percent limitation does not apply to funds disbursed to a county under s. 365.172(6)(a)3., F.S. (for enhanced 911), and a county may carry forward any percentage of the funds with certain exceptions for grants.

The Auditor General is directed to conduct annual audits but the fiscal year 2008-2009 end for the requirement is deleted.

Section 2 provides the act shall take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The bill gives the Board greater control over the allocations to further the goal of improving E911 services. The fee remains capped at \$.50.

B. Private Sector Impact:

Consolidated oversight of the 911 funds will assist counties and communications companies to most efficiently implement and maintain enhanced 911 emergency response systems including utilizing new technology equipment. There are four counties (Duval, Lee, Pasco, and Volusia) where the fee can be raised to the maximum cap amount of 50 cents on wireline to match the wireless fee. Some VoIP customers may be affected.

C. Government Sector Impact:

The bill changes the control for setting the wireline fee from a local option amount to a E911 Board issue. One percent of the fees collected is allocated to the Board for administration costs and two percent is allocated for rural county grants which decreases county funding. However, overall county distribution is increased seven percent for a net increase to counties. According to the Department of Management Services, while individual counties' funding may be different, the average increase will be about 3 percent. Consolidated oversight of the 911 funds should allow counties to most efficiently implement and maintain enhanced 911 emergency response systems.

VI. Technical Deficiencies:

None.

VII. Related Issues:

A companion bill, SB 1198, merges the wireline plan for landline telecommunications companies into the Wireless Emergency Communications Act.

viii. Summary of Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
