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FISCAL IMPACT REPORT

SPONSOR Stell DATE TYPED 02/09/05 HB 174

SHORT TITLE 911 Surcharge and Fund SB _____

ANALYST Hadwiger

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI		Indeterminate	Recurring	Enhanced 911 Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 174 simplifies and updates existing code with respect to funding for emergency 911 communication systems. Changes in existing statutes include:

1. Consolidation of three separate 911 surcharges (911 emergency surcharge of \$.25, network and a database surcharge (\$.26) for landline customers and a wireless enhanced 911 surcharge (\$.51) for wireless/cellular customers into a single 911 emergency surcharge with no adjustment in the total amount paid by consumers
2. Consolidates three funds (wireless enhanced 911 surcharge, network and database surcharge and enhanced 911 fund) into a single “enhanced 911 fund.”
3. Gives local governments and the DFA greater flexibility to use funds to address 911 communication system needs by eliminating the distinction between basic 911 systems, enhanced 911 systems, and enhanced 911 wireless systems.
4. Expands statutorily allowed uses of E-911 surcharge funds to include logging recorders, call center work stations, training, latitude and longitude base station or cell site location data and GIS equipment necessary to obtain and process locational map and emergency

service zone data for landline and wireless callers.

5. Allows a consortium of local governing bodies to install enhanced 911 equipment.
6. Requires local governments to employ properly trained staff in their public safety dispatch centers in order to receive subsidies from the enhanced 911 fund.
7. Requires local governments in an enhanced 911 service area to provide GIS addressing and digital mapping data to the dispatch center that provides enhanced 911 service to the local government.
8. Allows money in the enhanced 911 fund to be awarded as grants to local governments upon approval of the State Board of Finance.

Significant Issues

According to DFA, merging these three surcharge funds into one fund will simplify the administration with no net change in the level of surcharge paid by the customer. The two surcharges (25 cents and 26 cents) collected by landline telephone companies will be combined into one 51 cents charge. Wireless telephone customers will pay 51 cents per month. The total surcharge amount collected does not change.

DFA also indicated that the financial and administrative burden of the local units of governments and by the New Mexico Taxation and Revenue Department (TRD) and the DFA will be lessened. Landline telephone companies will only have to collect and account for one 911 surcharge, instead of two each month.

FISCAL IMPLICATIONS

There should be no increase in the total amount of revenues to the E-911 funds but the three funds would be consolidated to allow greater flexibility in expenditures to address emergency communication needs.

ADMINISTRATIVE IMPLICATIONS

According to DFA, the landline telephone companies, local units of government, New Mexico Taxation and Revenue Department and the Department of Finance and Administration would see a reduction in financial accounting, recordkeeping, auditing and administrative burden by consolidating three surcharge funds into one surcharge fund.

According to TRD, Changes to systems and redesign of forms and instructions will be required. Education for taxpayers and TRD employees will be needed. Audit and compliance procedures will need to be developed. An additional FTE may be needed depending upon the collections efforts TRD wishes to put into the project.

DH/lg/njw