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OHIO LEGISLATIVE SERVICE COMMISSION

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S.B. 50
135th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Reported by Senate Financial Institutions and Technology

Primary Sponsors: Sens. Wilkin and Smith

Local Impact Statement Procedure Required: No

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Highlights

- The Department of Administrative Services (DAS) could incur expenses up to \$10.3 million per year to develop and maintain a statewide next generation (NG) 9-1-1 core services system. New costs could be at least, and likely fully offset by, NG 9-1-1 access fees assessed to users of devices capable of making 9-1-1 calls.
- Counties may incur costs of several hundreds of thousands of dollars to bring county 9-1-1 systems into compliance with NG 9-1-1 standards. Costs could be at least, and perhaps fully, offset by the statewide NG 9-1-1 access fee.

Detailed Analysis

Overview

The bill requires implementation of next generation (NG) 9-1-1 technology that will result in significant new costs for the state and counties. NG 9-1-1 is a system comprised of hardware, software, data, and operational policies and procedures to process all types of emergency calls including non-voice (e.g., text or multi-media messages), acquire and integrate additional data useful to call routing and handling, and deliver the calls, messages, and data to the appropriate public safety answering point (PSAP). Counties may incur costs totaling a few hundred thousand dollars to upgrade and maintain hardware and software to comply with NG 9-1-1 standards. The Department of Administrative Services (DAS) will also incur new costs that may reach slightly more than \$10.0 million per year to develop and implement statewide NG 9-1-1 core services. Additionally, counties and DAS may incur other administrative costs to comply with reporting requirements or to restructure operating procedures under the bill. These administrative costs would likely be minimal at most. Any new costs would be at least partially, and possibly fully

offset by 9-1-1 fees imposed on landlines, wireless phones, and other communications services capable of making 9-1-1 calls under the bill.¹

Due to the far reaching nature of the bill, this fiscal note focuses only on those provisions with significant effects on costs and revenue for counties and the state. A discussion of these provisions is provided under the headings below. Details on all changes made by the bill can be found in the LSC bill analysis.

NG 9-1-1 core services

The bill requires the Ohio 9-1-1 Program Office, within DAS, to coordinate and manage a statewide NG 9-1-1 core services system that will result in new expenditures from the Next Generation 9-1-1 Fund (Fund 7093). According to DAS, costs to implement the core services would total not more than \$103.0 million over ten years (\$10.3 million per year). These costs would be at least partially, and perhaps fully offset by a 64¢ NG 9-1-1 access fee assessed under the bill. Under the bill, Fund 7093 would receive 25% of the fees collected. Under current law, Fund 7093 receives any money left over in the 9-1-1 Administrative Fund (Fund 5MY0) after paying administrative costs of the Steering Committee. A more thorough discussion of the NG 9-1-1 access fee is provided under the “**9-1-1 access fee**” heading on the following page.

NG 9-1-1 core services consists of a system whereby 9-1-1 calls from around the state are routed to a centralized processing center to automatically attach data such as a call’s originating location or other useful information. Calls are then automatically forwarded to the proper PSAP for dispatching of emergency response services.

County 9-1-1 systems

The bill requires county 9-1-1 systems to be compliant with NG 9-1-1 standards within five years of the bill’s effective date. To become compliant, PSAPs would need computer network hardware and software capable of operating within the state’s core services environment. Implementation of NG 9-1-1 compliance will vary from county to county due to various stages of readiness, compatibility of current equipment with NG 9-1-1 standards, and other factors. Because of this, it is difficult to precisely estimate how much NG 9-1-1 transition will cost counties or other political subdivisions that operate PSAPs. It is likely, however, that costs to implement NG 9-1-1 on the county level will be more than minimal and may be several hundreds of thousands of dollars.

However, some part of the cost that counties incur for implementing this system and complying with the bill’s requirements could be at least partially offset by the state’s NG 9-1-1 access fee. Specifically, the bill directs 72% of this revenue to the 9-1-1 Government Assistance Fund (Fund 7094). Revenue deposited into Fund 7094 is disbursed monthly to counties and may be used to pay costs to operate and maintain 9-1-1 services. Disbursements are based on the proportion of funds disbursed to each county in the same month of the previous calendar year. More details about the NG 9-1-1 access fee are provided below.

¹ Under the bill, communications services, including wired or wireless telecommunications, voice over internet protocol services, and multiline telephone systems would be subject to 9-1-1 access fees. The bill provides fee exemptions for subscribers and providers of wireless lifeline services.

9-1-1 access fee

The bill eliminates the 25¢ monthly wireless 9-1-1 charge imposed on each wireless telephone number of a subscriber whose billing address is in the state. Instead, the bill imposes a monthly NG 9-1-1 access fee of 64¢ for each communication service capable of making a 9-1-1 call, including landlines and VoIP devices. For prepaid wireless services, the bill imposes the same 0.005% of the retail sale price under the NG 9-1-1 access fee as is applicable under current law. The bill also redirects fee revenue collected as shown in the table below.

Distribution of 9-1-1 Related Fees Under the Bill Compared to Current Law			
Fund Name and Deposit % Under S.B. 50		Fund Name and Deposit % Under Current Law	
Fund Name	% of Charges and Fees to be Deposited in Fund	Fund Name	% of Charges to be Deposited in Fund
9-1-1 Government Assistance Fund (Fund 7094)	72%	Wireless 9-1-1 Government Assistance Fund (Fund 7094)	97%
9-1-1 Administrative Fund (Fund 5BPO)	1%	Wireless 9-1-1 Administrative Fund (Fund 5BPO)	1%
9-1-1 Program Fund (Fund 5NM0)	2%	Wireless 9-1-1 Program Fund (Fund 5NM0)	2%
NG 9-1-1 Fund (Fund 7093)	25%, plus interest earned on the 9-1-1 Administrative Fund and, at the direction of the Steering Committee, any excess remaining in the 9-1-1 Government Assistance Fund after paying administrative costs	NG 9-1-1 Fund (Fund 7093)	Interest earned on the 9-1-1 Administrative Fund and, at the discretion of the Steering Committee, any excess remaining in the 9-1-1 Government Assistance Fund after paying administrative costs

After two years, the bill allows the Steering Committee to annually designate an alternate fee amount. The Steering Committee may increase the fee amount so long as the new amount is not more than 2¢ greater than the previous year and so long as the fee does not exceed 64¢.

Expansion of the NG 9-1-1 fee to include communications services not currently subject to the fee is expected to increase the amount of revenue collected significantly. Under current law, the wireless 9-1-1 charge has collected approximately \$25.0 million per year on average over

the past five years. Under the bill, because the amount of the NG 9-1-1 fee is almost triple that of the existing 9-1-1 charge and would be more broadly applied, it is conceivable that revenue collected from the NG 9-1-1 access fee could increase by tens of millions per year.