

## Department of Planning and Budget 2018 Fiscal Impact Statement

**1. Bill Number:** HB1388

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Leftwich

**3. Committee:** Commerce and Labor

**4. Title:** Enhanced Public Safety Telephone Services Act.

**5. Summary:** Establishes requirements regarding the implementation of next generation 9-1-1 (NG9-1-1) service. By July 1, 2023, the 9-1-1 Services Board (the Board) is required to develop and implement NG9-1-1 transition plans to migrate public service answering points and originating service providers from E-911 to NG9-1-1. The measure alters the formula and criteria for the Board's distribution of funds from the Wireless E-911 Fund. The measure also repeals provisions regarding (i) notices that providers of Voice over Internet protocol service are required to give to subscribers regarding access to E-911 service; (ii) plans for access by Voice over Internet protocol service subscribers to obtain E-911 service; and (iii) the Board's Wireless Carrier E-911 Cost Recovery Subcommittee.

**6. Budget Amendment Necessary:** Yes, Item 430

**7. Fiscal Impact Estimates:** Preliminary – between \$16 million and \$23 million working capital advance

**8. Fiscal Implications:** Based on preliminary information provided by the Virginia Information Technologies Agency (VITA), which provides staff support to the 9-1-1 Board, the existing cash flow from the \$0.75 wireless surcharge is not sufficient to pay for the costs of the NG911 transition as they are incurred. Preliminary discussions with VITA indicate that the agency/Board will require between authorization for a working capital advance between \$16 million and \$23 million in the Appropriation Act to address cash flow needs in order to meet the Board's current implementation schedule and the July 1, 2023 implementation date contained in the legislation. VITA staff indicate that the Board plans to use the funding allocated for the grant program currently available to localities to repay the working capital advance over five to seven years. Changes to the grant program are discussed later in this fiscal impact statement.

This legislation would modify the allocation of E911 surcharge revenues. Currently, 60 percent of E911 revenues are distributed to the local Public Safety Answering Points (PSAPs), 30 percent of E911 revenues are available to cell phone providers as reimbursement for improvements they have made to their networks related to 9-1-1 service, and 10 percent of revenues are available to PSAPs as a grant program for E911 system improvements. The bill would shift the 30 percent currently available to the cell phone providers to the grant

program, so that the grant program would be comprised of 40 percent of E911 revenues. VITA staff indicate that the revenues allocated to the grant program would be used to repay the requested working capital advance and that once the working capital advance is repaid then these revenues can resume being used for the grant program.

The bill requires the Board to execute a contract to reimburse originating service providers when requested. VITA staff indicate that they estimate these reimbursements will be approximately \$5.0 million per year and will be paid from the 40 percent of surcharge revenues allocated for grant requests.

As mentioned previously, 60 percent of surcharge revenues are distributed back to localities. Under current law, the distribution is to be updated every five years beginning July 1, 2018 based on the cost and call load data of each PSAP for the previous five years. This legislation would change the basis of the distribution to be the population and call load data of each PSAP for the previous five years. This modification will affect the funding to provided to each PSAP but will not generate a state fiscal impact.

At the time this fiscal impact statement was posted, final confirmation of these estimates is pending.

**9. Specific Agency or Political Subdivisions Affected:** Virginia Information Technologies Agency, 9-1-1 Board, localities transitioning to NG911

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** This bill is identical to SB513.

Date: January 24, 2018