



Legislative Fiscal Bureau

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March 11, 2003

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Substitute Amendment 2 to Assembly Bill 61: Creation of a Wireless 911 Surcharge

Assembly Bill 61, relating to the creation of a Wireless 911 Fund supported by assessments on wireless telephone customers with Wisconsin billable addresses was introduced on February 2, 2003, and was referred to the Assembly Committee on Energy and Public Utilities. On March 6, 2003, the Committee adopted Assembly Substitute Amendment 2 and recommended the bill for passage, as amended, by a vote of 10-1. On March 11, 2003, the bill was referred to the Joint Committee on Finance.

SUMMARY OF THE SUBSTITUTE AMENDMENT

The provisions of Assembly Substitute Amendment 2 are summarized in the accompanying memorandum, prepared by the Legislative Council staff.

FISCAL EFFECT

The substitute amendment would authorize the reimbursement of eligible costs incurred by wireless providers and local units of government for the implementation, upgrade and operation of public safety answering points (PSAP's). The reimbursements would be in the form of grants administered by the Public Service Commission (PSC). Wireless providers and local units of government would be required to submit cost projections to the PSC, which in turn, would use those projections to set the amount of a monthly surcharge that would be imposed during a three-year period on wireless customers with billable addresses in Wisconsin. The surcharge would be set at an amount sufficient to fund administrative costs of the program and all eligible reimbursements. The period during which wireless providers and local units of government could

receive reimbursement grants from these surcharge revenues would begin on the effective date of the bill and end 38 months after the effective date of the PSC rule establishing the surcharge.

At this time it is unknown the amount of the monthly surcharge that the PSC might ultimately establish. However, based on June, 2002, Federal Communications Commission estimates of 2,522,479 mobile wireless telephone subscribers in the state, every ten cent surcharge increment would generate \$252,200 SEG per month for the 911 Wireless Fund, or \$3,026,400 SEG per year.

The substitute amendment would specify that the wireless surcharge would not be included in the definition of "sales price" or "gross receipts" for purposes of the state sales tax. Therefore, revenues from the surcharge would not be subject to the sales tax. Compared to present law, this provision would have no fiscal effect, since the wireless surcharge does not exist currently. However, if the proposed surcharge were subject to the sales tax, it is estimated that the state would realize additional annual tax revenues of approximately \$150,000 for each 10-cent increment in the fee.

EMERGENCY CLAUSE

Under s. 16.47(2) of the statutes, the bill requires an emergency clause.

Prepared by: Darin Renner

Attachment