



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number: LLS 24-0947 Date: July 30, 2024
Prime Sponsors: Sen. Gonzales Bill Status: Signed into Law
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Bill Topic: CREATION OF 911 SERVICES ENTERPRISE

Summary of Fiscal Impact: [X] State Revenue [ ] State Transfer [X] Local Government
[X] State Expenditure [ ] TABOR Refund [ ] Statutory Public Entity

The bill creates the 911 Services Enterprise in the Department of Regulatory Affairs. The bill increases state expenditures beginning in FY 2024-25 and state revenue beginning FY 2025-26.

Appropriation Summary: For FY 2024-25, the enacted bill includes an appropriation of \$107,695 to the Department of Regulatory Agencies.

Fiscal Note Status: This final fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB 24-139

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (General Fund, Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

## **Summary of Legislation**

Under current law, a 911 surcharge is imposed on 911 service users by the Public Utilities Commission (PUC) which is calculated to reasonably meet the needs of local governing bodies for operating 911 services. This bill creates the 911 Services Enterprise in the Department of Regulatory Agencies (DORA) and permits the enterprise to charge a fee in addition to the surcharge. The enterprise is governed by a board of directors appointed by the Governor and consisting of representatives of the telecommunications industry and from governing bodies of local jurisdictions.

The enterprise's primary powers are to impose a 911 enterprise fee on service users to fund expenses such as statewide training initiatives and programs for 911 center personnel, public education campaigns and materials, and other 911 related training and support. The enterprise may establish grant programs for the benefit of local governing bodies or for use as matching funds for eligible projects. The fee must also pay the expenses necessary for administration of the enterprise. Revenue from the fee are put in the 911 Enterprise Cash Fund and continuously appropriated to the enterprise for administration and other programs.

Beginning June 30, 2026, the enterprise must prepare an annual financial report to Legislative Council Staff and the Joint Budget Committee. The financial report must include the enterprise's projected revenue and expenditures and proposed budget for the following fiscal year.

## **State Revenue**

The bill is expected to increase state cash fund revenue from fees by at least \$696,000 per year beginning in FY 2025-26. This revenue is deposited to the 911 Enterprise Cash Fund and is exempt from the state's revenue limit under TABOR.

**Fee impact on telephone users.** Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The bill requires that a new fee must be established by the governing board for the enterprise, which together with the existing 911 surcharge, cannot exceed \$0.50 per month (currently, the state 911 surcharge collected by the PUC is \$0.09 per month). Based on prior funding to the 911 Resource Center (\$250,000 per year) the fiscal note assumes that the fee will be set on the low end of the potential range, at \$0.01 per month. This fee amount is an estimate only; actual fees will be set administratively by the enterprise based on cash fund balance, program costs, and the number of users subject to the fee. The table below identifies the fee impact of this bill.

**Table 2  
Fee Impact on Telephone Users**

<b>Fiscal Year</b>	<b>Type of Fee</b>	<b>Estimated Annual Fee<sup>1</sup></b>	<b>Number Affected</b>	<b>Total Fee Impact</b>
<b>FY 2025-26 and future years</b>	911 Enterprise Fee	\$0.12	5,800,000	\$696,000

<sup>1</sup> This fee assumes a surcharge of \$0.01 per month. The actual fee may differ based on decisions by the new enterprise board.

### State Expenditures

This bill increases state expenditures by about \$123,000 in FY 2024-25 paid from the General Fund. In FY 2025-26, expenditures are estimated to be at least \$696,000, depending on the fee amount set by the enterprise. Expenditures are shown in Table 3 and described below.

**Table 3  
Expenditures Under SB 24-139**

	<b>FY 2024-25</b>	<b>FY 2025-26</b>
<b>Department of Regulatory Agencies</b>		
Personal Services	\$61,595	\$76,994
Operating Expenses	\$1,024	\$1,280
Capital Outlay Costs	\$6,670	-
Legal Services	\$38,406	\$38,406
911 Enterprise Programs	-	at least \$560,601
Centrally Appropriated Costs <sup>1</sup>	\$14,975	\$18,719
FTE – Personal Services	0.8 FTE	1.0 FTE
FTE – Legal Services	0.2 FTE	0.2 FTE
<b>Total Cost</b>	<b>\$122,670</b>	<b>at least \$696,000</b>
<b>Total FTE</b>	<b>1.0 FTE</b>	<b>1.2 FTE</b>

<sup>2</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Administration.** The DORA will require 1.0 FTE for a program administrator beginning in FY 2024-25 to set up the new enterprise and work with the Governor’s office to empanel the governing board, establish bylaws for basic administration, and begin the process to determine the appropriate 911 enterprise fee. Since the enterprise must organize and begin work without a revenue stream, this fiscal note assumes that General Fund is necessary to create the enterprise in FY 2024-25, and that cash fund revenue in FY 2025-26 will be used for both administrative and program expenses. Costs in FY 2024-25 are prorated for a September 1 start date. DORA and the new enterprise will require ongoing legal support from the Department of Law for rule making and other tasks.

**911 enterprise programs.** Assuming revenue of \$696,000 in revenue is collected annually beginning in FY 2025-26, the new enterprise is estimated to spend approximately \$560,000 per year for programs supporting 911 service operators, after accounting for administrative costs.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

### **Other Budget Impacts**

**General Fund reserve.** Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve in FY 2024-25 only, by the amount shown in Table 1, decreasing the amount of General Fund available for other purposes.

### **Local Government**

To the extent that local governments receive grants or monetary support through the new enterprise, revenue will increase. Workload and expenditures will correspondingly increase to pursue grants, comply with grant requirements, and use available funding on allowable uses.

### **Effective Date**

The bill was signed into law by the Governor on May 31, 2024, and it takes effect August 7, 2024, assuming no referendum petition is filed.

### **State Appropriations**

For FY 2024-25, the enacted bill includes a General Fund appropriation of \$107,695 to the Department of Regulatory Agencies, and 0.8 FTE. Of this amount, \$38,406 is reappropriated to the Department of Law, and 0.2 FTE.

### **State and Local Government Contacts**

Law	Regulatory Agencies	Treasury
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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).