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FISCAL IMPACT REPORT

SPONSOR	<u>Senate Finance Committee</u>	LAST UPDATED	<u>2/27/2025</u>
		ORIGINAL DATE	<u>2/27/2025</u>
		BILL	<u>CS/Senate Bill</u>
SHORT TITLE	<u>Rename Enhanced 911 Act</u>	NUMBER	<u>137/aSTBTC/SFCS</u>
		ANALYST	<u>Graeser</u>

REVENUE* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
911 Emergency Surcharge	\$0	\$13,400.0	\$13,600.0	\$13,900.0	\$14,200.0	Recurring	911 Emergency Service Fund

Parentheses () indicate revenue decreases.

*Amounts reflect the most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
TRD	\$13.5	\$0	\$0	\$13.5	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect the most recent analysis of this legislation.

Relates to Senate Bill 67

Sources of Information

LFC Files

Agency Analysis Received From

Taxation and Revenue Department (TRD)

Public Regulation Commission (PRC)

Regulation and Licensing Department (RLD)

Department of Finance and Administration/Local Government Division (DFA)

Agency Analysis was Solicited but Not Received From

New Mexico Municipal League (NMML)

Middle Rio Grande Council of Governments

SUMMARY

Synopsis of SFC Substitute of Senate Bill 137

Senate Bill 137 (SB137) conforms the state's 911 system to the Next Generation 911 (NG911) capabilities by including text, video, and data-based emergency communication. It increases the existing 911 emergency surcharge from \$0.51 to \$1.00 per line per month. In addition, the bill

changes the names of the 911 Act and the 911 Bond Act, removing “enhanced” from both titles, and renames the enhanced 911 fund to the 911 emergency service fund. The bill also amends Section 63-9D-8 NMSA 1978 to provide that primary or secondary public safety answering points may also receive payments from the fund and that payments from the fund may be used for costs of providing 911 emergency services, including next generation 911 equipment and infrastructure.

A significant addition is in the findings:

A 911 telephone emergency system provides...enhanced capabilities through next generation 911, including: 1) the ability to process emergency communications through voice, text, video and data, increasing accessibility for all residents; 2) improved accuracy and efficiency in emergency response due to advanced geographic system capabilities and internet-protocol-based technologies; and 3) greater system resilience and redundancy to ensure continuous operation during emergencies.

The bill also repeals the findings and purpose section of the Enhanced 911 Act (Section 63-9D-2 NMSA 1978).

The effective date of this bill is July 1, 2025

FISCAL IMPLICATIONS

Current distributions to the enhanced 911 fund were used to calculate the revenue gain from the proposed increase in the surcharge from \$0.51 to \$1.00 per line per month. The historical growth rate of these distributions was employed to grow the fiscal impact.

The bill does not include a recurring appropriation but diverts or “earmarks” revenue, representing a recurring loss from the general fund. LFC has concerns with including continuing distribution language in the statutory provisions for funds because earmarking reduces the ability of the Legislature to establish spending priorities. However, these revenues have been earmarked since 1989 when originally implemented.

TRD notes a small nonrecurring cost for systems updates.

DFA administers the funds and distributions. Their comments:

Revenue projections are based on a 3-year average of surcharge revenue per DFA financial statements. A surcharge increase is necessary as expenditures have exceeded revenues in recent years. Fund balance as of June 30, 2024, was \$6,896,124 but expected to drop below \$2 million by the end of FY25. FY24 surcharge revenue: \$13,383,785

The increase will provide more funding for local entities to enhance their 911 systems to better serve New Mexicans through upgrades like text-to-911, Next Generation 911 software applications, cybersecurity protections, Computer-Aided Dispatch, and GIS addressing improvements for accurate location-based call routing, among others.

The original law was passed in 1989 when the CPI index was 1.236. 2025:Q1 index is 3.181. Thus, the \$.51 per line fee indexed would be \$1.31, somewhat more than the proposed as amended \$1.00 per line per month.

SIGNIFICANT ISSUES

The original Enhanced 911 Act was passed and implemented in 1989. The assessment has not increased in the ensuing 35 years, despite the overwhelming technological improvements in smart-phone technology.

TRD notes the following policy points:

The bill enhances statewide emergency communications capabilities by increasing the 911 emergency surcharge, which has not been updated for inflation since 1989. Compared to states with similar populations like Utah and Nevada, New Mexico currently charges a lower fee for emergency communications, although the proposal would place New Mexico above these states.¹ Adopting new technologies for emergency communications requires significant investments in infrastructure updates and changes in maintenance and operation. Modernizing emergency communication networks may revolve shortcomings such as poor reachability, inadequate coverage in rural areas, lack of security features, inefficiency in the service, and, as a result, less ability to promptly deploy services to an emergency incident.

DFA Local Government Division, which administers the funds and distributions from the funds notes that this bill significantly updates the authorities for the state's E-911 services:

DFA contracted with Motorola in July 2023 to implement a statewide Emergency Services IP Network and Next Generation Core Services and the Go-Live date on the new Next Generation 911 (NG911) system is tentatively scheduled for April 2025. The legacy Enhanced 911 system will be terminated by December 2025. The non-recurring costs for this implementation are being funded with E-911 fund balance.

NG911 is an internet based (broadband enabled) system that is capable of receiving data such as photos and streaming video in addition to voice calls. NG911 systems integrate state-of-the-art network design to facilitate interoperability through 911 call transfers and policy routing plans. NG911 uses location technology for call routing and emergency response which reduces misrouted calls and provides a more precise caller location. Overall, the NG911 system will vastly increase the resilience and reliability of the 911 system.

More integration and interoperability is needed to improve the effectiveness of the State's new NG911 system. A fee increase would expand the scope of the 911 fund and enables end-to-end funding for public safety communications.

The existing New Mexico 911 surcharge was set in 1989 to \$0.51, where it now sits among the lowest in the nation. The FCC report notes that NM's current funding scope is narrower than in other states, limiting how surcharge funds can be used. Without additional funding, NM risks being unable to sustain NG911 implementation and operational improvements.

- Amount of 911 surcharge revenue collected annually per capita
 - **NM: \$6.11**
 - **Average: \$11.91**
- Annual per capita expenditures to provide 911 service

¹ <https://www.fcc.gov/sites/default/files/15th-annual-911-fee-report-2023.pdf>, Nevada currently has fees between \$0.75 - \$1.00; Utah is at \$0.96.

- **NM: \$5.11**
- **Average: \$30.14**
- 49 / 53 states and territories reported obligating or expending collected 911 funds on computer-assisted dispatch. *NM is 1 of 4 states/territories that does not fund CAD.

Increasing the 911 surcharge would allow the DFA Local Government Division to better support the statewide implementation of Next Generation 911 and expand the reimbursable cost categories within 10.6.2.11.E. NMAC to better align with Next Generation 911 technology and the Federal Communication Commission's description of eligible use of 911 fees. The surcharge increase would ensure sustainable funding for all public safety answering points, regardless of size or location, to close gaps in emergency response service areas across urban, rural, and tribal communities. This funding will allow for a modernized 911 system that will increase situational awareness of first responders and provide for a faster, more accurate public safety response.

PERFORMANCE IMPLICATIONS

The LFC tax policy of accountability is not met. Although the revenues generated by the E-911 fee are reported monthly by TRD, the distributions from the fund are not disclosed.

ADMINISTRATIVE IMPLICATIONS

TRD will update forms, instructions and publications and make information system changes.

DFA Local Government Division will continue to oversee funding distribution and continue to ensure compliance. The E-911 Bureau is funded through the E-911 fund and may use up to 5% of the fund for administrative purposes. The bureau's administrative budget is maxed out and the full 5% was utilized in FY23. The bureau currently has one unfunded vacant position. The E-911 Bureau does not anticipate the need for the full 5% with the increased surcharge but would likely create 1-2 new positions to oversee additional funding and capital projects.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill relates to Senate Bill 67, which amends the Enhanced 911 Act, Section 63-9D-3 NMSA 1978, to require a wireless service provider or internet service provider to provide the location information regarding a device used to make a 911 call to requests from law enforcement agencies for the purpose of responding to situations that involve the risk of death or serious physical harm. DFA Local Government Division also notes this conflict:

SB67 conflicts with the definition of "911 call" to "911 service communication." If enacted, SB67 could cause a cascading of funding distribution to local entities.

ALTERNATIVES

DFA notes that rather than an earmarked revenue with continuing appropriations, the Legislature could provide \$14 million in recurring funding to DFA's Local Government Division for distribution to local entities. The Legislature could also fund another FTE at the E-911 Bureau through the general fund, rather than fund positions through the administrative fee that the bureau can tap from the surcharge. This recurring appropriation will need to be adjusted for inflation over time.

This alternative would conform to the general LFC guidelines that recurring programs should not be funded with earmarked revenues, since the earmarks restrict the legislature's ability to allocate funds.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

DFA continues their support and defense of the provisions of this modernization bill:

Not enacting the proposed bill to increase the 911 surcharge in New Mexico will have significant consequences in both the current 911 environment and the forthcoming Next Generation 911 (NG911) system. Not passing this legislation will put New Mexico further behind in providing modern 911 services to New Mexicans.

Not enacting the bill would mean:

- Financial Strain on Local Governments:
 - When NG911 cannot fund a local 911 expense, local governments must either cover the cost themselves or discontinue the service if local funding is unavailable. This financial burden may force local governments to divert funds from other critical services.
- Unequal Service Quality:
 - NG911 introduces capabilities like texting 911. Without adequate funding, adoption of these services would depend on local resources, leading to disparities where wealthier areas receive better 911 services.
- Oversight and Standardization:
 - NG911 systems require higher standards and greater interconnectivity. Lack of oversight over locally funded components could hinder interoperability and NM911's ability to ensure the system functions properly.
- Increased Cybersecurity Needs:
 - As an IP-based system, NG911 requires cybersecurity measures such as active monitoring. Without additional funding, the system remains vulnerable to cyber threats.
- Heightened Compliance Challenges:
 - Higher standards in the NG911 environment make it more difficult for local governments to meet 911 standards independently, and NM911's inability to assist exacerbates this issue.

Additional Considerations:

- High Call Volume vs. Low Funding:
 - New Mexico has one of the highest per capita rates of 911 calls in the nation, yet its surcharge rate is among the lowest. This imbalance hinders NM911's ability to fulfill the mandates of the Enhanced 911 Act.
- Impact on Public Safety Telecommunicators (PSTs):
 - NG911 will require PSTs to manage more complex communications, including video and data, necessitating specialized training. While the current surcharge covers some training expenses, it is insufficient for comprehensive preparedness.

In summary, failing to enact this bill will impede the state's ability to effectively implement and maintain NG911 services, leading to financial strain on local governments, operational inefficiencies, unequal access to emergency services, and challenges in personnel training and retention.

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