



**Calculations for State Emergency Telephone Number Account (SETNA)**

The Governor's Office of Emergency Services shall determine annually, on or before October 1 to be effective on January 1 of the following year, a surcharge rate pursuant that it estimates will produce sufficient revenue to fund the current fiscal year's 9-1-1 costs.

At least 30 days prior to determining the surcharge pursuant to subdivision (a), the Office of Emergency Services shall prepare a summary of the calculation of the proposed surcharge and make it available to the public, the Legislature, the 9-1-1 Advisory Board, and on its Internet Web site. The summary shall contain all of the following:

- The prior year revenues to fund 9-1-1 costs, including, but not limited to, revenues from prepaid service.
- Projected expenses and revenues from all sources, including, but not limited to, prepaid service to fund 9-1-1 costs.
- The rationale for adjustment to the surcharge.

Calculations are based on numbers published in the **Governors 2016/17 Budget.**

Estimated revenues @ <u>Three-Quarters of One-Percent</u> surcharge rate:	\$85.670 Million
Estimated reserve for economic uncertainties from previous fiscal year:	\$51.190 Million
Estimated expenditures to operate 9-1-1:	\$116.728 Million
Adjusted required revenue: (estimated expenditures – economic reserve)	
- \$116.728 Million - \$51.190 Million =	\$65.538 Million
Adjust for expected revenues from Pre-Paid (minimum 9.9 Million)	
- 65.538 Million – 9.9 Million =	\$55.638 Million
2017 Projected total intrastate voice phone service revenues:	
Projected year revenues / .0075 (3/4 of 1%)	
- \$85.670 Million / .0075 =	\$11.4 Billion
2017 Projected revenues at 1% = Total Revenue * 1%	
- \$11.4 Billion * .01 =	\$114 Million
Projected surcharge needed to meet expenditures:	
Total Adjusted Expenditures / Projected Revenue.	
- \$55.638 Million / \$114 Million =	0.0050

The calculated break-even rate above at .0050 will not account for demonstrated diminishing economic reserves due to the decline in intrastate voice revenues. The economic reserve for SETNA has declined from 149 million in FY07/08 to 76 million in FY 15/16. The Governor's Office of Emergency Services recommends that the rate be maintained at the current rate of Three-Quarters of One-Percent to cover projected 9-1-1 operating expenses, while providing an economic reserve to cover unforeseen expenditures or revenue shortfalls.

**Recommended Rate: Three-Quarters of One-Percent**