


Robert Cennamo

FROM	NAME & TITLE	Robert Cennamo, Budget Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall		
	SUBJECT	City Council Bill 21-0072 – Local 911 Telephone Fee-Revision		

DATE:

TO

The Honorable President and
Members of the City Council
City Hall, Room 400

May 17, 2021

Position: Support

The Department of Finance is herein reporting on City Council Bill 21-0072, Local 911 Telephone Fee-Revision, the purpose of which is to increase the current monthly charge from \$0.75 to \$1.

Background

The Maryland General Assembly established “911” as the primary telephone number for persons seeking the emergency assistance of police, fire, or ambulance anywhere in Maryland in 1979. This legislation created the Local 911 Telephone Fee, a \$0.10 monthly fee to be collected from all telephone subscribers for a three-year period from July 1, 1980 through June 30, 1983. This fee was divided and disbursed to counties according to population and provided funding for counties to implement a “911” emergency system or enhance their current system. This distribution was ultimately discontinued.

Since then, the General Assembly has passed additional legislation increasing the maximum fee local jurisdictions can implement. The fee was raised to \$0.30 per bill per month in 1983, to \$0.50 per month in 1990, and to \$0.75 per month in 2003. The City last updated the local fee in 2004, increasing it to the prior cap of \$0.75. In 2013, this fee was extended to purchases of pre-paid wireless services, with a onetime \$0.60 charge. The City receives 75% of the pre-paid wireless fees.

In 2019, the General Assembly passed Senate Bill 339, which increased the local portion of the fee up to \$1.50 per month and changed the fee from per bill to per line, if the proceeds of the current fee did not cover the county’s annual operational costs for its “911” system. In April 2021, the City notified the State of its intent to increase the fee to \$1.00 in accordance with this new legislation since the revenue generated by the current fee and the projected revenue from the increased fee is not sufficient to cover the operational costs of the City’s “911” system.

Fiscal Impact

The increase in this fee would cause a direct increase in Special Fund Revenues used to offset the operational and upgrade cost of the City’s “911” system. This cost includes all personnel costs relating to the “911” system. Based on Calendar Years 2020 receipts, the Department of Finance projects that by increasing the fee \$0.25, Special Fund Revenue in Fiscal 2022 will increase by \$1.6 million.

Year	Wireline	Wireless	Total
CY 2019	\$1,130,240	\$1,904,465	\$3,034,704
CY 2020	\$1,821,145	\$2,862,329	\$4,683,473
FY 2022*	\$2,428,193	\$3,816,438	\$6,244,631

*With Fee Increase

The Fiscal 2021 budgeted operational cost of the “911” system, including personnel cost is \$16.1 million. Currently, the General Fund is required to cover a majority of the operating costs of the system. Even with the projected revenue increase, this fee would not be sufficient to cover the operating costs and a General Fund contribution is still required.

Other Considerations

Five other Maryland jurisdictions are increasing their fee this year. Caroline, Carroll, Garrett, and Worcester Counties are increasing their fee to the \$1.50 per line per month maximum. Wicomico County is increasing their fee to \$1.00 per line per month. The City would not be the first to increase and would not have the highest fee.

Conclusion

Maryland law currently allows for an increase in the Local 911 Telephone fee if current revenue does not exceed or meet operational cost of the “911” system. The operational costs exceed the current and projected revenue. Increasing the local fee will reduce the burden on the General Fund to fill the gap and make resources available for other priorities.

For the reasons stated above, the Department of Finance supports City Council Bill 21-0072.

cc: Henry Raymond
Natasha Mehu
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