



October 27, 2009

EMERGENCY 9-1-1 SERVICES

New sharing formula adopted for amounts collected as municipal taxes

The three municipal partners involved in emergency 9-1-1 services have agreed on a sharing formula for revenue from the municipal tax that comes into effect on December 1, 2009.

The new municipal tax will replace the fees that have been collected since 1995 through a system of agreements between telephone companies, municipalities and the UMQ.

The tax will apply to all telephone lines, and not simply to telephone service subscribers. This will make it possible to lower the tax rate from \$0.47 to \$0.40 per phone line per month. Despite this reduction, the total tax revenue will be considerably higher than the current revenue. It is estimated that the annual revenue will rise from \$21 million in 2009 to total \$34 million by 2010.

Various administrative costs, however, will reduce the total. The Québec Ministry of Revenue will charge roughly \$800,000 in 2010 for its involvement in administering the tax. The 9-1-1 Agency's operating costs in 2010 will be roughly \$700,000 (though this includes various non-recurring startup costs). And the work of auditing the Emergency 9-1-1 call centres in 2010 will cost the ministry of Public Security some \$200,000, and may increase to \$700,000 annually by 2011. As a result the net total available to compensate municipalities will be somewhere around \$32.3 million in 2010.

According to numerous analyses, it turns out that the formula foreseen several months ago (based on existing revenues under the present system of "agreements," plus the increase due to revenues spread across the general population) will not be adequate in all cases. Certain municipalities are

only partially covered by the 9-1-1 service, or have fee collection agreements with only some of the businesses operating in their territories. Others have never signed any agreements at all. Still others have never offered 9-1-1 service up to now. As a result, the three partners have agreed to "retain" a maximum amount of \$200,000 as a reserve that may partially compensate certain municipalities.

The situation in your municipality

For budgeting purposes in 2010, we suggest that the 9-1-1 revenue increase should be figured as follows: current revenue plus a corresponding amount prorated for your population against the total population of Québec (7,621,000), multiplied by \$10 million. For example, a municipality with 76,000 residents (or 1% of the total population) could receive \$100,000 more than in 2009.

We hope this information will be helpful. If you have any questions, please feel free to contact UMQ tax advisor Joël Bélanger at 514-282-7700, extension 236, or email jbelanger@umq.qc.ca.

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