

HOUSE BILL REPORT

HB 2029

As Reported by House Committee On:
Technology, Energy & Communications
Finance

Title: An act relating to enhanced 911 emergency communications service.

Brief Description: Concerning enhanced 911 emergency communications service.

Sponsors: Representatives Ericks, Morris, McCoy, Ormsby, Hudgins, Hunt, Takko, Springer, Van De Wege, Conway, Eddy, Hasegawa, Finn, Dunshee, Haigh, Kenney, Kessler, Morrell and Goodman.

Brief History:

Committee Activity:

Technology, Energy & Communications: 2/16/09, 2/19/09 [DPS];
Finance: 2/24/09, 3/10/09 [DP2S(w/o sub TEC)].

Brief Summary of Second Substitute Bill

- Removes state and county enhanced 911 (E-911) excise tax provisions.
- Creates a state and a county E-911 service fee.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives McCoy, Chair; Eddy, Vice Chair; Carlyle, Finn, Hasegawa, Hudgins, Jacks, Morris, Takko and Van De Wege.

Minority Report: Do not pass. Signed by 5 members: Representatives Crouse, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Condotta, Herrera and McCune.

Staff: Kara Durbin (786-7133)

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Emergency 911 communications services allow callers to reach agencies that can dispatch an appropriate type of response. Enhanced 911 (E-911) is a type of service that allows the caller's phone number and location to be automatically displayed at the public safety answering point. In Washington, 911 systems are primarily administered by counties, and in some cases, cities.

Enhanced-911 services are funded by county and state excise taxes. All counties may impose an excise tax on each switched telephone access line. The maximum rate that a county may levy on a switched access line is 50 cents. Counties may also impose an excise tax of up to 50 cents per month on each radio (wireless) access line. In contrast to the counties, the state only levies a 20-cent tax on switched telephone access lines and radio access lines. State E-911 excise taxes fund a state E-911 coordinator and help counties to pay for the extra costs incurred in upgrading from a basic system to an E-911 system.

Summary of Substitute Bill:

The state and county E-911 excise taxes are eliminated and replaced with a state and a county E-911 service fee. The state E-911 service fees must be deposited into the E-911 Account (Account). Funds in the Account may be spent on the modernization and operation of E-911 emergency communications statewide, as well as to supplement the counties' 911 operational costs.

State E-911 Service Fee.

The state E-911 service fee is \$0.25 per month for each switched access line, radio access line, internet protocol-enabled voice service, or other communications service devices capable of transmitting voice or data to 911 in the state.

The state E-911 service fee must be remitted to the Department of Revenue (Department) and deposited into the Account in the State Treasury.

County E-911 Service Fee.

Counties may impose an E-911 service fee on switched access lines, radio access lines, internet protocol-enabled voice services, or other communication services capable of transmitting voice or data. Beginning January 1, 2010, the county E-911 service fee is \$0.90 per month for each subscriber. Beginning January 1, 2012, the county E-911 service fee per subscriber increases to \$1.20 per month. Beginning January 1, 2014, the county E-911 service fee per subscriber increases to \$1.50 per month.

Administration.

The state and county E-911 service fees must be paid by the subscriber to the local exchange company providing the switched access line, the radio communications service company providing the radio access line, or the provider of internet protocol-enabled voice service.

The Department will administer any E-911 service fee imposed by counties. Counties imposing the fee must contract with the Department for administration of the fee.

Substitute Bill Compared to Original Bill:

Several provisions related to the enhanced 911 (E-911) program are amended rather than repealed from existing law. The substitute bill specifies that the state and county E-911 service fee is based on internet protocol-enabled voice service, rather than being based on the number of internet protocol-enabled voice devices. The substitute bill also makes several technical corrections to the definitions and to cross-references in the bill.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The current enhanced 911 (E-911) system, in part, uses 1960s technology and it needs to be modernized. Approximately one-third of the cost of maintaining and operating E-911 is being paid by excise taxes. The other two-thirds is paid for out of general taxes paid by local governments. This bill ensures that new voice technologies are paying the same fee as other telecommunications providers. This bill also streamlines the remittance process through the Department of Revenue. The E-911 law has not been substantially updated since 1992. The fiscal committee will deal with the fee structure. We want to make sure the terminology is correct in this committee. It is important that rural counties can provide the coverage that's needed.

With today's vast array of modern technologies, such as text messaging, video messaging, and instant messaging, we need more compatibility for people with speech and hearing impairments. Every second counts. Our state needs to upgrade to next generation 911 systems.

The collection of E-911 taxes often supports urban areas more than rural areas. Local government funds are not adequate to provide the text messaging and video relaying capabilities of a next generation 911 system. The excise tax system has not been increased since 1992 and costs have gone up significantly since then.

(With concerns) Calling this a fee doesn't change it from a tax. This bill has technical issues that need to be addressed. While I support upgrading the 911 system to accommodate new technologies, this bill would increase taxes dramatically. This bill would shift capital and operating costs that are traditionally borne by counties. While we support extending the E-911 tax to new technologies, we should be sure that the extension is fair and competitively neutral. As currently written, the bill ties the fee to each voice over-internet protocol device, which is different than how the fee is assessed on each telephone line.

(Opposed) We were willing to support this bill when there was an agreement with the public safety agencies that the total fee would be \$0.90. However, we cannot support this much higher fee schedule. Washington would have the highest tax rate on wireless consumers if this bill passed. While we support the concept of funding E-911, we cannot support the bill as written. The Military Department in their report indicated that only a \$.20 increase could fund next generation services. Applying the fee per internet protocol-enabled device is unfair.

Persons Testifying: (In support) Jim Quackenbush, 911 Coordinator for Thurston County; Mike Ryherd and Peggy Fouts, Association of Public-Safety Communications Officials; and Karen Stueland, Hearing Speech and Deafness Center.

(In support with concerns) Mark Greenberg and Art Butler, Tracer Northwest.

(Opposed) Russell Sarazen, T-Mobile; Dan Youman, AT&T; Ron Main, Broadband Cable Association; and Milt Doumit, Verizon Communications.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON FINANCE

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Technology, Energy & Communications. Signed by 6 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Conway, Ericks, Santos and Springer.

Minority Report: Do not pass. Signed by 2 members: Representatives Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member.

Staff: Joseph Archuleta (786-7192)

Summary of Recommendation of Committee On Finance Compared to Recommendation of Committee On Technology, Energy & Communications:

The second substitute bill changes the county enhanced 911 (E-911) service fee from a tiered fee (ranging from 90 cents in 2010 to \$1.50 in 2014) to a fixed 70 cent per month fee, and adds provisions specifying how the Department of Revenue (DOR) will recover the costs of administering the county E-911 service fee.

The second substitute bill creates the county E-911 Service Fee Account as a non-appropriated account in the State Treasury, and directs the State Treasurer to distribute to the counties the amount of the county E-911 service fee collected on behalf of the county, minus any administrative fees retained by the DOR.

The second substitute bill clarifies that the state and county E-911 service fee is charged per switched access line, radio access line, or interconnected voice over Internet protocol service line. In addition, the second substitute bill adds provisions dealing with obtaining a resale certificate at the time of sale.

The second substitute bill requires counties to provide an annual update to the state E-911 Coordinator detailing what portion of their county enhanced 911 service fees is being spent on operational costs and what portion is being spent on modernization efforts.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) With the changes in technology (cell phones, text, video, and instant messaging, etc.) the 911 system needs to be modernized and implement next generation 911. Local governments do not have the funds available to do this and this fee increase will cover the costs to update the 911 system and keep the current system going. Revenue for 911 comes primarily from general taxpayers verses subscribers and this will help balance that out. In particular, people who are deaf, hard of hearing, or speech impaired have moved from using telephone typewriter (TTY) to text messaging. Everyone in an emergency situation should be able to contact 911 from anywhere on any device and have their information received.

(Opposed) This bill is not a fee increase, but a tax increase. As it stands, the increase is excessive and goes beyond covering the cost to implement next generation 911. Nationally, the average 911 tax is 82 cents and this will increase it to about \$1.75. Currently, Washington has the second highest wireless fees and this will put Washington at the top. The bill is inconsistent and ambiguous about the application of tax. It could be extend to prepaid wireless, and 911 taxation on prepaid wireless is being reviewed by the Washington Supreme Court.

Persons Testifying: (In support) Representative Ericks, prime sponsor; Mike Ryherd, Association of Public-Safety Communication Officials; Jim Quackenbush, National Emergency Number Association; Donna Platt, Hearing, Speech, and Deafness Center; Richard Kirton, Kitsap County 911; and Peggy Foutz, Grays Harbor 911/Association of Public-Safety Communication Officials.

(Opposed) Steve Gano, AT&T; Russel Sarazen, T-Mobile; Joyce Masamitsu, Verizon Wireless; Jim Jesernic, Century-Tel; Art Butler, Tracer Northwest; and Scott Edwards; Tracfone Wireless.

Persons Signed In To Testify But Not Testifying: None.