

SENATE BILL REPORT

SB 6265

AS PASSED SENATE, FEBRUARY 11, 1994

Brief Description: Implementing the cellular communications tax study recommendations regarding 911 emergency communication system funding.

SPONSORS: Senators Sutherland, Amondson, Snyder, Pelz, Erwin, Fraser and Winsley

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: Do pass.

Signed by Senators Sutherland, Chairman; Ludwig, Vice Chairman; Amondson, Hochstatter, McCaslin, Owen, A. Smith, Vognild, West and Williams.

Staff: David Danner (786-7784)

Hearing Dates: January 26, 1994; February 3, 1994

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Chairman; Quigley, Vice Chairman; Bauer, Bluechel, Hargrove, Hochstatter, Ludwig, Moyer, Pelz, Snyder, Spanel, Talmadge, West and Williams.

Staff: Terry Wilson (786-7715)

Hearing Dates: February 7, 1994; February 8, 1994

BACKGROUND:

In 1992, the Legislature directed the Department of Revenue to study the cellular industry's tax treatment in Washington and other states, identify the tax policy issues and recommend changes resulting in more appropriate tax treatment for cellular communications.

The department submitted a final report in November 1993, recommending in part that the department conduct a one-year study to ensure long-term funding of 911 services in light of changing technologies, that the cellular industry pay a \$.25 per customer per month county excise tax for 911 service (to be reviewed following completion of the study), and that cellular systems implement and maintain automatic number identification at no charge to county 911 systems.

This bill implements those recommendations.

SUMMARY:

Counties are authorized to impose a 911 excise tax of up to \$.25 per month per cellular telephone subscriber line. Counties implementing this tax must provide 60 days notice, and include in their ordinances a refund mechanism for any taxes ordered refunded by a court order. The tax shall be collected from the telephone subscriber by the company providing cellular service.

Cellular telephone companies are required to provide automatic number identification, which allows 911 operators to automatically identify the number of the caller.

The Department of Revenue is directed to study the current tax base for the 911 excise tax, including projected revenues, expenditures, and funding sources, as well as appropriate tax rates, in light of current and future technologies. Results of the study shall be presented no later than July 1, 1995. The department shall form an advisory committee with balanced representation and provide staff for the study. Funding of the study shall be provided from the state treasury's 911 account.

Appropriation: none

Revenue: yes

Fiscal Note: available

Effective Date: The bill contains an emergency clause and takes effect immediately.

TESTIMONY FOR (Energy & Utilities):

County excise tax of \$.25 reflects a fair contribution to 911 cellular telephone customers, and the automatic number identification requirements impose only minimal burden on cellular systems. Study is necessary to ensure a long-term funding mechanism for 911 given the growth of cellular, development of other wireless services, and other changes in technology.

TESTIMONY AGAINST (Energy & Utilities): None

TESTIFIED (Energy & Utilities): PRO: Susan Graham, Department of Revenue; Noel Mhyre, Pierce County; James Quackenbush, Thurston County; Thera Bradshaw, Clark County; Clifford Webster, US West New Vector Group, Inc.; Ross Baker, Steve Gano, McCaw Cellular

TESTIMONY FOR (Ways & Means):

Cellular phone use of the 911 system has increased so much that current funding is not sufficient. The impacts of cellular were not foreseen. The question of funding immediate and long term.

TESTIMONY AGAINST (Ways & Means): None

TESTIFIED (Ways & Means): Susan Graham, Department of Revenue (pro); Noel Onhyre, Pierce County E911 (pro); Cliff Webster, US West New Vector Group (pro)