

HB 1126

Bill Analysis

March 6, 1997

Brief Description: Providing for 911 emergency communications funding. New county tax of 50 cents per switched line, 25 cents per radio access line. Removes sunset on existing state tax of 20 cents per line and extends state tax to radio access lines.

Bill Sponsors: Representatives Mastin, Sump, Boldt, Doumit, Hatfield, McMorris, Kessler, Sheahan, Sheldon, Mulliken, Grant, Chandler, O'Brien, Conway, Wood, Cooper, Murray and Morris.

Staff: Linda Brooks (786-7153).

Background: Where a 911 system is available, a person can contact emergency assistance by dialing 911.— Under a basic 911 system, the caller must identify his or her location to the emergency system personnel. Under an enhanced 911 (E-911) system, the caller's phone number and location are automatically displayed at the public safety answering point. In 1991, voters adopted Referendum 42, requiring enhanced 911 service to be available throughout the state by December 31, 1998.

Enhanced 911 services are funded by county and state excise taxes. All counties levy an excise tax on each switched telephone access line. The maximum rate that a county may levy on a switched line is 50 cents. Counties may also impose an excise tax of up to 25 cents per month on each radio (wireless/cellular) access line. In contrast to the counties, the state only levies a 20 cent tax on switched telephone access lines. There is no state tax on radio access lines. Voters approved the state 20 cent tax on switched access lines, when they adopted Referendum 42. State tax revenues fund a state E-911 coordinator and help counties to pay for the extra costs incurred in upgrading from a basic to an enhanced 911 system.

All counties will complete capital improvements to inaugurate enhanced 911 systems by December 31, 1998. When voters approved Referendum 42, the voters actually approved two different tax rates: a 20 cent tax and a 10 cent tax. The higher 20 cent tax rate applies during the implementation phase of enhanced 911 service when capital costs to build the systems are high. After December 31, 1998, the state rate is scheduled to lower to a 10 cent tax rate. Revenues from this lower rate are to be used to assist counties in meeting their on-going operational costs for their enhanced 911 systems.

The telecommunications industry continues to rapidly change. Since Referendum 42 was adopted, the number of radio access (wireless/cellular) calls to enhanced 911 centers has risen quickly. Radio access calls slow enhanced 911 systems, because the enhanced 911 systems are not equipped with technology that identifies the location or phone number of a person calling from a radio access line. The need to constantly adapt enhanced 911 systems to accommodate new technology has caused persons to question whether enhanced 911 systems will have adequate revenues to pay for continuing technological upgrades. In 1994, the Legislature directed the Department of Revenue to study long-term funding for E-911 systems. Some of the recommendations of the study include:

- Impose a state tax on radio (wireless) access lines so that radio and switched access lines are taxed at the same rate;
- Change state law so that the 20 cent tax rate does not automatically lower to a 10 cent rate on January 1, 1999;
- Allow for a flexible state tax rate up to a maximum tax rate of 20 cents per radio or switched access line; and
- Distribute state enhanced 911 assistance only to counties that have imposed a full 50 cent tax on switched access lines and 25 cent tax on radio access lines.

Summary of Bill: The state enhanced 911 excise tax does not lower to a maximum rate of 10 cents per line on January 1, 1999. Instead of lowering the tax rate, the state is permitted to levy a tax up to a maximum of 20 cents per line on a permanent basis. The tax rate may vary from year-to-year and must be based on actual revenue needs. The state tax is also extended so that it applies not only to switched telephone access lines but also to radio access lines.

Revenue generated from the state tax on radio (wireless/cellular) access lines must be used to fund planning and implementation of enhanced 911 systems to better accommodate cellular calls. Revenues from the tax on radio access lines may also be used to help counties offset their costs in coping with a higher volume of cellular calls, while new technology to better integrate cellular calls into enhanced 911 systems is being developed.

A county may not receive any state enhanced 911 excise tax funds, unless the county has imposed maximum county 911 taxes.

Fiscal Note: Available

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1997, if enacted.