

SENATE BILL REPORT

SHB 1126

As Reported By Senate Committee On:
Ways & Means, February 25, 1998

Title: An act relating to the implementation of the enhanced 911 excise tax study recommendations regarding 911 emergency communications system funding.

Brief Description: Providing for 911 emergency communications funding.

Sponsors: House Committee on Finance (originally sponsored by Representatives Mastin, Sump, Boldt, Doumit, Hatfield, McMorris, Kessler, Sheahan, Sheldon, Mulliken, Grant, Chandler, O'Brien, Conway, Wood, Cooper, Murray and Morris).

Brief History:

Committee Activity: Ways & Means: 4/2/97; 2/19/98, 2/25/98 [DPA].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Brown, Hochstatter, Kohl, Long, Loveland, McDonald, Rossi, B. Sheldon, Snyder, Spanel, Swecker, Thibaudeau and Winsley.

Staff: Terry Wilson (786-7433)

Background: Emergency 911 telephone services allow callers to reach agencies or entities that can dispatch the appropriate type of response. "Enhanced" 911, known as "E911," allows the person answering the emergency call to identify the location of the calling party, even if the calling party cannot speak or is uncertain of the location. These E911 systems require significantly higher investment and expenditures because of the additional information needed and the way this data base is used in the system.

In Washington, 911 systems are primarily administered by counties, and in some cases cities. Counties may impose a tax of up to 50 cents per month on each wired telephone line (referred to as "switched access lines") and up to 25 cents per month on each cellular telephone line (known as "radio access lines") to help fund 911 systems.

In 1991, the voters approved Referendum 42, a measure that imposed a 20 cent maximum per month tax on each wired telephone line to pay for E911 throughout the state. Statewide E911 was to be implemented statewide through a state E911 office by 1999. The 20 cent maximum rate was to be reduced to 10 cents beginning in 1999. The higher 20-cent tax rate applies during the implementation phase of enhanced 911 service when capital costs to build the systems are high. Revenues from the lower rate are to be used to assist counties in meeting their ongoing operational costs for their E911 systems. All counties will complete capital improvements for E911 systems by December 31, 1998.

The telecommunications industry continues to rapidly change. Since Referendum 42 was adopted, the number of radio access calls to E911 centers has risen quickly. Radio access calls slow E911 systems because the systems are not equipped with technology that identifies the phone number or location of a call from a radio access line. The need to constantly adapt E911 systems to accommodate new technology has caused people to question whether E911 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 E911 systems. Some of the recommendations of the study include:

- Imposing a state tax on radio access lines so that radio and switched access lines are taxed at the same rate;
- Eliminating the automatic maximum rate decrease on January 1, 1999;
- Allowing for a flexible state tax rate up to a maximum tax rate of 20-cents per radio or switched access line; and
- Distributing state E911 assistance only to counties that have imposed a full 50-cent tax on switched access lines and 25-cent tax on radio access lines.

A study by the Military Department in 1997 found that the 10 cent maximum rate will not be sufficient to cover on-going operating costs. The department requested continuation of the maximum rate at 20 cents, concluded that the department should implement a program of financial incentives to encourage regionalization of E911 functions for those counties that are unable to support enhanced 911 with available revenues, and requested direction from the Legislature on the eligibility of local salaries for state reimbursement.

Summary of Amended Bill: The decrease in the maximum state E911 excise tax from a maximum rate of 20 cents per switched access line to 10 cents is eliminated. The actual tax rate must be based on actual revenue needs and may vary from year to year.

Revenues from the tax may be used to provide salary assistance on a temporary basis not to exceed three years to counties with a population of less than seventy-five thousand that need additional resources to cover unfunded costs that can be shown to result from handling 911 calls. Revenues from the tax may be used to assist multi-county regions, including ongoing salary assistance for multi-county regions consisting of counties with populations of less than seventy-five thousand.

A county may not receive any state E911 excise tax funds unless the county has imposed maximum county 911 taxes.

Amended Bill Compared to Substitute Bill: Under the substitute bill, the state E911 excise tax remained at a maximum rate of 20 cents only until January 1, 2001, and the state E911 excise tax was also extended to radio access lines.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 1998.

Testimony For: Counties will benefit from regionalization. Fire commissioners are concerned with public safety. This targets money to smaller counties which means quicker response times and lives saved. The study validated the need that the \$0.20 maximum rate be continued. Salary assistance is important for medium and small counties to provide services. Regionalization efficiencies is important to the continued success of the program. The committee should consider equalizing the rates on wireline and wireless. Wireless companies support an additional \$0.45 on our customers with the elimination of the requirement to provide free ANI. Wireless companies would prefer the study of wireless be done by OFM or DOR.

Testimony Against: None.

Testified: PRO: Dan LaRoche, Douglas County Sheriff, WASPC; Ryan Spiller, WA Fire Commissioners; Jim Quackenbush, Thurston County E911; Shavanna Schilling, WA State Grange; Rosemary Williamson, GTE; Ron Main, Western Wireless; Ross Baker, AT&T Wireless; Bruce Shaul, Sprint.