

SENATE BILL REPORT

SB 5165

As Reported By Senate Committee On:
Energy & Utilities, February 20, 1997

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: Senators Finkbeiner, Fraser, Swecker, Loveland, Sellar, Hargrove, Morton, Haugen, Snyder, Prince, Deccio, West, Bauer, Oke, Goings and Hale.

Brief History:

Committee Activity: Energy & Utilities: 1/28/97, 2/20/97 [DPS-WM].
Ways & Means: 3/5/97.

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: That Substitute Senate Bill No. 5165 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Finkbeiner, Chair; Hochstatter, Vice Chair; Brown, Jacobsen, Rossi and Strannigan.

Minority Report: Do not pass substitute.

Signed by Senator Swanson.

Staff: Phil Moeller (786-7445)

SENATE COMMITTEE ON WAYS & MEANS

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 "E 911," 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 E 911 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 up to 50 cents per month on each wired telephone line (referred to as "switched access lines") to help fund 911 systems; counties may also impose up to 25 cents per month on each cellular telephone line (known as "radio access lines") for this purpose.

In 1991, the voters of Washington adopted Referendum 42, a measure that imposed a 20 cent maximum per-month tax on each wired telephone line to pay for E 911 throughout the state. Statewide E 911 was to be implemented through a statewide E 911 office by 1999. Referendum 42 included a clause that would lower this 20 cent rate to a maximum of 10 cents beginning in 1999.

Over the last several years, competition has begun to emerge for basic "dial tone" local exchange telephone service through alternative providers and a variety of wireless services. With the current 911 funding system tied primarily to traditional local exchange service, concern has been raised over the eventual ability of 911 systems to continue providing service and be adequately funded as the telecommunications network becomes more diverse. The 1994 Legislature responded to this concern by directing the Department of Revenue to study long-term funding for Enhanced 911.

Summary of Substitute Bill: The up to 20 cent per-month state Enhanced 911 excise tax is extended to cellular telephone lines. Until a system of automatic location identification is available for cellular telephones in all counties, the revenue raised from placing this tax on cellular telephone lines must be used to fund planning and implementation of Enhanced 911 for cellular telephone lines, or for added costs resulting from an increased volume of cellular 911 calls. A county may not receive any state Enhanced 911 excise tax funds unless the county imposes the maximum county Enhanced 911 taxes. After December 31, 1998, these moneys may not be used for salaries or benefits relating to the Enhanced 911 cell answering function.

Statutory language that lowers the tax to a maximum of 10 cents beginning in 1999 is stricken.

Substitute Bill Compared to Original Bill: The substitute bill includes the addition of a referendum clause and the language that prohibits, after 1998, moneys being spent on salaries or benefits relating to the Enhanced 911 call answering function.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Referendum clause.

Testimony For (Energy & Utilities): Implementation of Enhanced 911 is proceeding on schedule. The bill will produce added revenue from cellular telephone users, who are adding a significant load on existing 911 call centers. Allowing the tax to remain at the 20 cent per month ceiling after 1998 will provide revenue flexibility in a period when major changes in the telecommunications network are expected.

Testimony Against (Energy & Utilities): The existing provision that will ramp the tax down to a maximum of 10 cents per line per month in 1999 should be maintained. The 10 cent level will produce adequate revenue.

Testified (Energy & Utilities): Bill Vogler, WA State Assn. of Counties (pro); Steve Thompson, Whitman County Sheriff (pro); Dick Dixon, Grays Harbor Co. Commissioner

(pro); Sue Graham, Dept. of Revenue; Jim Potts, Rep., NE Washington Counties (pro); Mildred Tirapelle, Grays Harbor E911; Reuven Carlyle, XY Point Corp. (pro); Mark Greenberg, Art Butler, Tracer (con); Bob Orning, Military Dept.

Testimony For (Ways & Means): The 1996 federal telecommunications act impacts 911 services by requiring enhanced 911 for cellular and requiring location based on position rather than address. In 1986 it was estimated to cost \$80 million to extend enhanced 911 to the 32 counties that did not have it. The local tax only generates \$16 million. Grants are needed for some counties. The state \$0.20 tax is needed. Keeping it at \$0.20 is still subject to a need assessment by the UTC. The tax was approved by 60 percent of the voters in 1991. There will be a break in the system if all counties cannot afford to provide the service. This goes to the heart of government for the general welfare of the public. A significant portion of the public will not be able to take advantage of this life-saving technology if the rate goes down.

Testimony Against (Ways & Means): The people approved a bill that provided for the rate to decrease. The rate was set a \$0.20 initially because more money was needed up front. The study committee found that the \$0.10 tax should be adequate to fund enhanced 911 statewide. Switched line access growth was assumed to be 3 percent and is actually much greater. The \$0.20 tax is not needed.

Testified (Ways & Means): Pro: Jim Quackenbush, State 911 Advisory Committee; Jim Potts, Douglas, Ferry, Pend Oreille, Stevens and Whitman Counties; Bill Vogler, WA State Assn. of Counties; Ron McAfee, Kitsap County 911; Con: Mark Greenberg, Art Butler, TRACER; Guz Schwartz, Retired Public Employees Council.