

HB 2050

Bill Analysis

February 23, 1999

Brief Description: Creating an enhanced 911 wireless excise tax and account.

Bill Sponsors: Representatives Dunshee and Thomas.

Brief Summary of Bill

- A state E-911 tax of 45 cents per month is imposed on each radio access (wireless) line.
- Revenues from each 45 cent tax per radio access line will be distributed as 30 cents to reimburse wireless carriers for their costs in providing E-911 service and 15 cents to reimburse counties for their operational costs in providing E-911 service.

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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 911 call center.

In 1991 voters adopted Referendum 42 which authorized a maximum monthly state tax of 20 cents per switched access line to develop an E-911 system. The referendum directed that E-911 service be deployed by December 31, 1998. Today E-911 service exists for wireline subscribers in thirty-seven counties, and the remaining two counties expect to have E-911 service available within a few months.

The maximum state tax rate of 20 cents per switched access line was scheduled to lower to 10 cents after December 31, 1998. However, in 1998 the Legislature voted to make 20 cents per switched access line a permanent maximum state tax rate. The actual tax rate is to be based on actual revenue needs and may vary from year to year.

In addition to state taxes, there are also county taxes. Counties may impose up to a 50 cent tax per switched access line for E-911 purposes. Counties may also impose up to a 25 cent tax per radio access line for basic 911 purposes. Total state and county taxes imposed for E-911 or 911 purposes are as follows:

Switched access lines (wireline)	20 cents/month	50 cents/month	70 cents/month
Radio access lines (wireless)	<i>no state tax</i>	25 cents/month	25 cents/month

The 1994 legislation that authorized counties to impose up to a 25 cent tax on radio access lines also required wireless carriers to provide automatic number location service. Automatic number location service permits 911 operators to identify the number of a wireless caller. Providing automatic number identification represents only partial implementation of E-911 service, because E-911 service involves automatic identification for both numbers and locations.

Presently, some wireless companies are providing automatic number identification for their subscribers in six counties. In most areas, however, automatic number identification is not provided, and automatic location identification is not provided in any county.

In 1996 the Federal Communications Commission (FCC) issued an order requiring wireless carriers to provide E-911 service in two phases. By April 1998 wireless carriers must provide automatic number identification and cell sector locations for emergency calls. By October 2001 wireless carriers must provide actual latitude and longitude coordinates so that most emergency calls may be pinpointed to within 410 feet of a caller's exact location. Wireless carriers must only comply with these FCC requirements, however, if the following conditions are met:

1. A 911 call center must request automatic number identification and location data;
2. The requesting call center must be capable of receiving and using the data; and
3. A funding mechanism must be in place to recover costs of providing these E-911

services.

A budget proviso in last year's appropriation bill directed the Department of Revenue to conduct a study of the most cost-effective and efficient-way to implement wireless E-911 service. The department's report states that wireless carriers have not selected a particular technology to implement phase two of the FCC's order (longitude and latitude locations of emergency calls). Consequently, the report states that it is not possible at this time to collect data or make recommendations about phase two.

The department's report outlines two options. One option is to wait until more is known about actual costs to implement wireless E-911 service. The second option is to enact a funding mechanism to cover costs associated with phase one implementation. The department indicates that wireless carriers submitted estimates of phase one implementation costs based on national studies. The department says that most wireless carriers did not submit cost estimates that were specific to Washington. Due to the lack of data specific to Washington, the department says that it is unable to recommend a particular tax rate.

In regards to the state tax (up to 20 cents) presently imposed on switched access lines, the Department of Revenue is responsible for the revenue side of this state E-911 tax (tax collection, administration, and enforcement.) The Military Department is involved on the spending side, as the Military Department is responsible for coordinating the state's E-911 program.

Summary of Bill:

A state E-911 tax of 45 cents per month is imposed on each radio access line. With the addition of this 45 cent tax, the total maximum rate of state and county taxes imposed on radio and switched access lines will equal 70 cents. The table illustrates how state and county taxes apply to switched and radio access lines.

Switched access lines (wireline)	20 cents/month (maximum rate)	50 cents/month (maximum rate)	70 cents/month
Radio access lines (wireless)	45 cents/month (a flat rate)	25 cents/month (maximum rate)	70 cents/month

Tax collection, administration, and enforcement responsibilities for this 45 cent state tax are not explicitly addressed, but it appears that the Department of Revenue may be responsible for these functions.

Revenues from the 45 cent tax are to be used for two purposes. The first 30 cents of each 45 cents collected is to be used for reimbursing wireless carriers for their recurring and non-recurring costs incurred in providing E-911 service. The remaining 15 cents of each 45 cents collected is to go to the county where the tax was collected to reimburse the county for its operational costs in providing E-911 services, if the county has requested automatic number identification and cell sector location data for emergency wireless calls. In other words, the revenue distribution is 67 percent for wireless carriers and 33 percent for counties.

Responsibility for distributing these revenues to wireless carriers and counties is not explicitly addressed, but it appears that the Military Department may be responsible for distributing revenues.

Appropriation: None.

Fiscal Note: Available from Department of Revenue. Requested from Military Department and Department of Community Trade and Economic Development.

Effective Date: Ninety days after adjournment of session in which the bill is passed.