

SENATE BILL REPORT

SB 6034

As Reported By Senate Committee On:
Ways & Means, February 4, 2002

Title: An act relating to a state wireless enhanced 911 excise tax.

Brief Description: Revising state wireless enhanced 911 excise taxes.

Sponsors: Senators Fraser and Finkbeiner.

Brief History:

Committee Activity: Ways & Means: 2/22/01, 3/26/01 [DPS]; 2/4/02 [DP2S].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6034 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Brown, Chair; Regala, Vice Chair; Fraser, Hewitt, Kohl-Welles, Long, Parlette, Rasmussen, Sheahan, Snyder, Spanel, Thibaudeau and Winsley.

Staff: Terry Wilson (786-7433)

Background: Emergency 911 telephone services allow callers to reach agencies that can dispatch the appropriate type of response. "Enhanced" 911, or "E911," allows the person answering the emergency call to identify the location of the calling party.

In 1991, the voters of Washington adopted Referendum 42, which imposed a 20 cent maximum per-month tax on each switched access telephone line (wireline) to pay for E911 throughout the state. The actual tax rate is based on actual revenue needs and may vary from year to year. The state tax is administered by a state E911 coordinator. The coordinator is assisted by the E911 advisory committee, appointed by the Adjutant General of the state Military Department, and representing fire, safety, utility, telecommunication, and local government officials. There are currently 27 members on the advisory committee.

In addition to state taxes, there are also county taxes. Counties may impose up to a 50 cent tax per switched access line for E911 purposes. Counties may also impose up to 25 cents per radio access (wireless) line for basic 911 purposes.

The legislation in 1994 authorizing counties to impose a wireless 911 tax of 25 cents per month also directed wireless telecommunications companies to provide automatic number identification (ANI) to Public Safety Answering Points (PSAPs) for 911 calls at no charge.

In 1996 the Federal Communications Commission (FCC) issued an order requiring wireless carriers to provide E911 service in two phases. By April 1998 wireless carriers must provide ANI and cell sector locations for emergency calls (Phase I). 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 (Phase II). Wireless carriers must only comply with these FCC requirements if the following conditions are met:

1. A 911 call center must request ANI and cell sector location data (Phase I);
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 E911 services.

On November 18, 1999, the FCC removed the requirement that a funding mechanism be in place to recover wireless carrier costs of providing these E911 services but retained the requirement for PSAP cost recovery.

Summary of Second Substitute Bill: The county 25 cent tax on each radio access line for basic 911 is redesignated an enhanced 911 tax and increased to 50 cents.

A state E911 tax of 20 cents per month is imposed on each radio access line. Revenues from the state tax are deposited into the enhanced 911 account. The purposes for which the account can be used are expanded to include implementation and operation of wireless E911 statewide, including adequate funding of counties and reimbursement of wireless carriers. None of the 20 cents may be distributed to a county unless the county has imposed the local 50 cent tax on each radio access line at the maximum rate.

The state ANI law is repealed.

Representatives of large and small wireless companies are added to the E911 advisory committee.

Second Substitute Bill Compared to Original Bill: The original bill imposed a state E911 tax of 45 cents per month on each radio access line and created a wireless enhanced 911 account in the state treasury. Revenues from the 45 cent tax were deposited into the account. 25 cents of the 45 cents were distributed to the county that collected the tax. The remaining 20 cents were used by the state enhanced 911 office to assist counties with implementation and operational costs in providing wireless E911 services where the county taxes on radio access lines were insufficient. The first priority for use of funds from the account was reimbursement of wireless carriers.

The state 911 advisory committee and the state E911 coordinator were required to recommend to the Legislature any necessary revisions to the 45 cent rate necessary to continue wireless E911 service by December 31, 2005.

The purposes for which the state wireline E911 funds could be used were changed. The specific limitations on salary assistance were removed and replaced with general authority to the state E911 coordinator to enter into statewide agreements to improve the efficiency of 911 services.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 2003.

Testimony For: E911 is available statewide but 1/3 of the calls do not receive the benefits because they are from wireless phones. It is frustrating not to be able to find people who call. People get these phones for safety and think that E911 is available. In a few years, 75 percent of the calls will be from wireless. Phase II technology is being finalized now. This bill equalizes the rate. It costs wireless carriers about \$0.20 per subscriber to provide Phase I. The estimated cost for the wireless carriers is \$5.5 million a year and the tax will generate \$12 million per year. Forty other states have a funding mechanism. Washington should make it a priority.

Testimony Against: Tracer is a large telecom purchaser and supports a wireless E911 tax that provides adequate funding for PSAPs. This bill does it the wrong way. Wireline salary provisions are inappropriate in a wireless bill. This bill provides a taxpayer supported mechanism to provide full carrier recovery of costs. The FCC recognizes that this is not necessary because wireless carrier rates are unregulated. The current structure of the bill does not guarantee adequate funding for PSAPs which the FCC requires. Phase II costs will increase dramatically. This bill covers both Phase I and Phase II and we cannot be assured that PSAP costs will be recovered. Phase II creates a revenue generating ability for wireless carriers who can sell products based on the ability to tell you how to get to anyplace from where you are. Taxpayers should not have to pay for this. The rules only give the state the authority to approve invoices for carriers. There is no incentive for carriers to control costs.

Testified: PRO: Marlys Davis, King County E911; Marj Williams, Snohomish County E911; Tom Howell, SNOPAC 911; Steve Gano, Cingular Wireless; Bruce Shaull, Sprint; Cliff Webster, Verizon; Steve Reinke, Kittitas County 911; CON: Mark Greenberg, Art Butler, Tracer.