



**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY  
OF  
DEAN H. SEKI, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE  
ON  
PUBLIC SAFETY  
ON  
MARCH 13, 2014  
S.B. 3103, S.D. 2

RELATING TO ENHANCED 911 SURCHARGES

Chair Aquino and members of the Committee, thank you for the opportunity to submit written testimony on S.B. 3103, S.D. 2.

The Department of Accounting and General Services supports the intent of S.B. 3103, S.D. 2 and recommends the following revisions to provide clarity:

- a. The word "department" be replaced with the word "Board" as this term is defined in section 138-1, Hawaii Revised Statutes, as the E911 Board. The definition of "Department" in SECTION 2 of this measure should also be deleted because "Department" is defined as "eHawaii.gov" which is not a state agency or department, but rather the web site address of the official state website; and
- b. Subsection (i) should be removed as this is a contractual requirement between the E911 Board and the web portal contractor.

Thank you for the opportunity to submit written testimony on this matter.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-SEVENTH LEGISLATURE, 2014**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 3103, S.D. 2, RELATING TO ENHANCED 911 SURCHARGES.

**BEFORE THE:**

HOUSE COMMITTEE ON PUBLIC SAFETY

**DATE:** Thursday, March 13, 2014

**TIME:** 10:00 a.m.

**LOCATION:** State Capitol, Room 309

**TESTIFIER(S):** David M. Louie, Attorney General, or  
Stella M.L. Kam, Deputy Attorney General

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Chair Aquino and Members of the Committee:

The Department of the Attorney General provides the following comments.

This bill adds a new section to chapter 138, Hawaii Revised Statutes (HRS), to provide for the collection of the 911 surcharge from prepaid wireless consumers at the retail point of sale. However, the bill does not amend section 138-4, HRS, to reflect the addition of the new surcharge from prepaid wireless consumers. Specifically, subsections (a), (b), and (c) of section 138-4, HRS, need to be amended. We offer the following suggested amendments:

SECTION \_\_. Section 138-4, Hawaii Revised Statutes, is amended by amending subsections (a), (b), and (c) to read as follows:

“(a) [A] Subject to this chapter, a monthly enhanced 911 surcharge [,- subject to this chapter,] shall be imposed upon each communications service connection[-, except connections of the public utility providing telecommunications services and land line enhanced 911 services through section 269-16.95.] and, as set forth in section 138-\_\_\_, a one-time enhanced 911 surcharge shall be imposed upon each prepaid wireless telecommunication service.

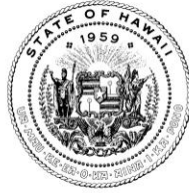
(b) The rate of the surcharge shall be set at 66 cents per month for each communications service connection [-]; provided that the surcharge shall be as set forth in section 138-\_\_\_ for each prepaid wireless telecommunication service. The surcharge shall have uniform application and shall be imposed on each communications service connection operating within the State except:

- (1) Connections billed to federal, state, and county governmental entities;
- ~~(2) — Prepaid connections;~~ and
- ~~[(3)](2)~~ Connections provided by the public utility providing telecommunications services and land line enhanced 911 services through section 269-16.95.

(c) ~~[AH]~~ Except as provided in section 138-\_\_\_, all communications service providers and resellers shall bill to and collect from each of their customers a monthly surcharge at the rate established for each communications service connection. The communications service provider or reseller may list the surcharge as a separate line item on each bill. If a communications service provider or reseller receives a partial payment for a monthly bill from a communications service customer, the communications service provider or reseller shall apply the payment against the amount the customer owes the communications service provider or reseller, before applying the partial payment against the surcharge.”

In addition, the bill defines “department” as “eHawaii.gov,” which is the State of Hawaii’s official website, but is not a government agency. The bill authorizes the “department” to take various actions, such as establishing procedures for the registration and payment of the surcharge for prepaid connections. Therefore, the “department” must be an entity that can take such actions.

We respectfully ask the Committee to pass this bill with the recommended amendments.



NEIL ABERCROMBIE  
GOVERNOR

SHAN S. TSUTSUI  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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KEALI'I S. LOPEZ  
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON PUBLIC SAFETY

THE TWENTY-SEVENTH LEGISLATURE  
REGULAR SESSION OF 2014

THURSDAY, MARCH 13, 2014  
10:00 A.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF  
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER  
AFFAIRS, TO THE HONORABLE HENRY J.C. AQUINO, CHAIR,  
AND MEMBERS OF THE COMMITTEE

SENATE BILL NO. 3103, SD2 - RELATING TO ENHANCED 911 SURCHARGES

DESCRIPTION:

This measure proposes to collect the Enhanced 911 ("E911) surcharge from prepaid wireless consumers at the retail point of sale.

POSITION:

The Division of Consumer Advocacy supports this measure.

COMMENTS:

This bill would impose the E911 surcharge on prepaid wireless customers for each retail transaction of prepaid wireless telecommunications service at the point of sale. Prepaid wireless customers are currently exempt pursuant to Hawaii Revised Statutes Section 138-4(b)(2) from paying the E911 surcharge and yet prepaid wireless

Senate Bill No. 3103, SD2  
House Committee on Public Safety  
Thursday, March 13, 2014, 10:00 a.m.  
Page 2

customers have always had access to the E911 system and its services. Under this exemption, prepaid wireless customers have been subsidized by the postpaid customers who pay the monthly E911 surcharge of 66 cents. Given the importance of the 911 system to all members of our community, the system should be funded in a fair and equitable manner and this bill will provide parity among all wireless customers. The Consumer Advocate supports the collection of the E911 surcharge of 66 cents from prepaid wireless customers.

Thank you for this opportunity to testify.

TESTIMONY  
OF  
PAUL K. FERREIRA,  
STATE OF HAWAII, ENHANCED 911 BOARD  
TO THE  
HOUSE COMMITTEE  
ON  
PUBLIC SAFETY  
ON  
MARCH 13, 2014  
10:00 A.M.  
STATE CAPITOL, CONFERENCE ROOM 309

IN SUPPORT  
OF  
SENATE BILL 3103, SD2  
RELATING TO ENHANCED 911 SURCHARGES

Chair Aquino, Vice Chair Representative Ing, and members of the committee, thank you for the opportunity to testify on SB 3103, SD2.

The Enhanced 911 Board supports SB 3103, SD2 to collect the 911 surcharge from prepaid wireless consumers at the retail point of sale. The board defers to the Attorney Generals recommended language for HRS 138-4(a) and (b) to account for the new prepaid charges. The board recommends the legislation be amended to define “the department” as the “Enhanced 911 board” rather than “ehawaii.gov”. We also recommend the prepaid surcharge amount be the same as postpaid wireless which is 66 cents and we recommend the effective date be January 1, 2015.

The collection of prepaid wireless 911 surcharges is very important in order to sustain adequate funding for enhanced 911 statewide. Our testimony is provided today on behalf of the thirteen-member Enhanced 911 Board that is comprised of representatives from each of the Public Safety Answering Points (PSAP’s), representatives of the communications service providers, the public utility, and representatives from State agencies.

911 surcharges should be imposed in a fair and equitable manner with respect to prepaid wireless service like the 911 surcharge is collected today for postpaid wireless. The 911 surcharge should be imposed upon all consumers of telecommunication services that have the ability to access 911. This is an important funding mechanism to assist state and local governments in sustaining 911 systems and to provide for the deployment of new and emerging technologies in order to benefit all members of the public who need help through 911 access. Prepaid wireless telecommunications services are an important segment of the

telecommunications industry and have grown in use by consumers; however, today prepaid wireless consumers are exempt from the surcharge and yet have always had access to 911.

Today consumers of prepaid wireless are being subsidized by postpaid consumers who pay a monthly 911 surcharge. To be fair and equitable, prepaid wireless consumers should not be exempt from the 66 cent 911 surcharge and therefore should pay 66 cents 911 surcharge per transaction at the retail point of sale.

The telecommunications industry association estimates prepaid wireless consumers represent approximately 20% of the consumer market in Hawaii. All states have experienced tremendous growth of prepaid consumers which is why 36 states have now adopted legislation to collect a 911 surcharge from prepaid wireless consumers. The prepaid business model rather than postpaid contracts is the trend for the wireless industry today. While in the beginning prepaid was a good option for low income consumers, this is not the only consumers opting for prepaid rather than a contract today. The commercial ads on television and in print media make it evident that the prepaid consumer is a broad market in the competitive market of the wireless industry. Contracts will likely be non-existent in the near future. Without the collection of the 911 surcharge on prepaid wireless the state of Hawaii will be facing reductions in revenue to support our 911 system.

Wireless Enhanced 911 was established by the State of Hawaii in 2004. The 911 surcharge has for ten years been funded by the postpaid model with prepaid 911 surcharge exempt. Prepaid service connections are purchased by consumers at retail on a "pay as you go" basis with no contracts or monthly bills and yet for ten years prepaid consumers have not paid for 911.

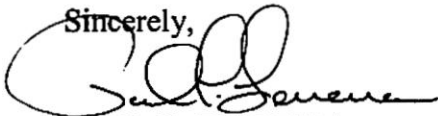
SB 3103, SD2 removes the exemption on prepaid service connections allowing collection of the 911 surcharge of 66 cents per transaction at the point of sale. This 911 surcharge would be collected on each sale at the time of purchase directly from the consumer. The surcharge on prepaid, like postpaid, would be remitted to the special fund established for enhanced 911 outside the State Treasury known as the Enhanced 911 fund that is administered by the Enhanced 911 Board. Moneys in the fund are expended exclusively by the board for the purposes of ensuring adequate funding to deploy and sustain enhanced 911 services statewide.

Testimony of Paul K. Ferreira, State Of Hawai'i, Enhanced 911 Board  
House Committee On Public Safety  
March 11, 2014  
Page 3

The benefit to the public is a comprehensive, efficient, and coordinated statewide 911 system serving all citizens that is funded in a fair and equitable manner for all.

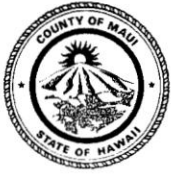
Thank you for this opportunity to testify on this important matter. For the reasons above, we strongly urge this committee to approve Senate Bill 3103, SD2, Relating to Enhanced 911 Surcharges subject to amendments that we have provided with this testimony

Sincerely,

A handwritten signature in black ink, appearing to read "Paul K. Ferreira". The signature is written in a cursive style with a large initial "P".

PAUL K. FERREIRA  
LEGISLATIVE COMMITTEE CHAIR  
WIRELESS E911 BOARD





ALAN M. ARAKAWA  
MAYOR

OUR REFERENCE  
YOUR REFERENCE

# POLICE DEPARTMENT

## COUNTY OF MAUI

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March 12, 2014



GARY A. YABUTA  
CHIEF OF POLICE

CLAYTON N.Y.W. TOM  
DEPUTY CHIEF OF POLICE

The Honorable Henry J.C. Aquino, Chair  
And Members of the Committee on Public Safety  
House of Representatives  
State Capitol  
Honolulu, HI 96813

RE: Senate Bill No. 3103, SD2 – Relating to Enhanced 911 Surcharges

Dear Chair Aquino and Members of the Committee:

The Maui Police Department supports SB 3103, SD2, which establishes an unspecified prepaid wireless E911 surcharge per retail transaction of prepaid wireless telecommunications service at the point of sale; allows sellers to deduct and retain three per cent of the surcharge that is collected; allows eHawaii.gov to retain up to two per cent of the remitted surcharges to cover administrative costs; and requires the remaining amounts collected by eHawaii.gov to be placed in the enhanced 911 fund.

The passage of this bill will ensure that prepaid wireless communication service providers are not exempt from the enhanced 911 surcharge imposed on other wireless providers. The surcharge, collected from consumers by prepaid wireless communications service providers or resellers, is essential to ensure equitable contributions to the enhanced 911 system.

The Maui Police Department also supports the suggestions made by the Enhanced 9-1-1 Board to reinstate the 66 cents collection on prepaid wireless and define the department as “the Enhanced 9-1-1 Board” instead of eHawaii.gov.

The Maui Police Department Supports the passage of SB 3013, SD2 with the noted suggestions.

Thank you for the opportunity to testify.

Sincerely,

GARY A. YABUTA *rv*  
Chief of Police

**ing2-Travis**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 12, 2014 10:57 AM  
**To:** pbstestimony  
**Cc:** victor.ramos@mpd.net  
**Subject:** Submitted testimony for SB3103 on Mar 13, 2014 10:00AM

**SB3103**

Submitted on: 3/12/2014

Testimony for PBS on Mar 13, 2014 10:00AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Victor K. Ramos	Maui Police Department	Support	No

Comments: I am Assistant Chief Victor K. Ramos with the Maui Police Department, Uniformed Service Bureau. MPD supports Senate Bill Number 3103 SD2, Relating to Enhanced 9-1-1 Surcharges. This bill provides a fair contribution to the current funding system. Prepaid wireless, are currently exempt from paying the 66 cent surcharge but they still have access to the 9-1-1 System.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

POLICE DEPARTMENT  
**CITY AND COUNTY OF HONOLULU**

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KIRK W. CALDWELL  
MAYOR



LOUIS M. KEALOHA  
CHIEF

DAVE M. KAJIHIRO  
MARIE A. McCAULEY  
DEPUTY CHIEFS

OUR REFERENCE **SN-AS**

March 13, 2014

The Honorable Henry J. C. Aquino, Chair  
and Members  
Committee on Public Safety  
House of Representatives  
Hawaii State Capitol, Room 309  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Aquino and Members:

Subject: Senate Bill No. 3103, SD 2, Relating to Enhanced 911 Surcharges


I am Sean C. Naito, Major of the Communications Division of the Honolulu Police Department (HPD), City and County of Honolulu.

The HPD supports Senate Bill No. 3103, SD 2, Relating to Enhanced 911 Surcharges. This bill provides fair and equitable contribution to the funding of the 911 system. Currently, prepaid wireless consumers are exempt from paying the 66 cents surcharge but have the same access to the 911 system. The collection and payment obligation of charges to support the 911 system should be in parity with other wireless consumers.

The HPD urges you to support Senate Bill No. 3103, SD 2.

Thank you for the opportunity to testify.

APPROVED:

  
Louis M. Kealoha  
Chief of Police

Sincerely,

  
Sean C. Naito, Major  
Communications Division

**TESTIMONY OF THE HAWAII POLICE DEPARTMENT**

**SENATE BILL 3103, SD2**

**RELATING TO ENHANCED 911 SERVICES**

**BEFORE THE COMMITTEE ON PUBLIC SAFETY**

DATE : Thursday, March 13, 2014

TIME : 10:00 A.M.

PLACE : Conference Room 309  
State Capitol  
415 South Beretania Street

**PERSON TESTIFYING:**

Police Chief Harry S. Kubojiri  
Hawaii Police Department  
County of Hawaii

(Written Testimony Only)

William P. Kenoi  
Mayor



Harry S. Kubojiri  
Police Chief

Paul K. Ferreira  
Deputy Police Chief

## County of Hawai'i

### POLICE DEPARTMENT

349 Kapi'olani Street • Hilo, Hawai'i 96720-3998  
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March 12, 2014

Representative Henry J.C. Aquino  
Chairman and Committee Members  
Committee on Public Safety  
415 South Beretania Street, Room 211  
Honolulu, Hawai'i 96813

**Re: SENATE BILL 3103, SD2 RELATING TO ENHANCED 911 SERVICES**

Dear Representative Aquino:

The Hawai'i Police Department supports Senate Bill 3103, SD2 with its primary purpose being to eliminate the exemption for prepaid wireless connections from the E911 tariff.

We believe this legislation as written will serve to ensure an act of equity amongst consumers of wireless communications devices in terms of needed revenue for enhanced 911 (E911) services attendant to these devices.

In essence, the wireless communications industry similar to the computer industry is constantly incorporating and deploying, newer, faster, and more efficient technology into the field.


In response, the Public Safety Answering Points (PSAPS) must also constantly upgrade their equipment in order to take advantage of the increasing capabilities of these devices as well as to meet public expectations for the technology. The recent movement towards the Next Generation 911 upgrading of PSAPS is a prime example. These upgrades will allow PSAPS to receive text messages, photos, and video from wireless phones.

It appears that these prepaid wireless connections are continuing to gain an increasing share of the market and thus, it seems only prudent that this exemption be eliminated. In that the E911 funding is utilized for necessary upgrades, we believe the rise in use of prepaid wireless connections should be attendant with elimination of the exemption in the best interests of the communities served by the various PSAPS in the state of Hawai'i.

It is for these reasons, we urge this committee to approve this legislation.

Thank you for allowing the Hawai'i Police Department to provide comments relating to Senate Bill 3103, SD2.

Sincerely,

  
HARRY S. KUBOJIRI  
POLICE CHIEF



**BERNARD P. CARVALHO, JR.**  
Mayor

**NADINE K. NAKAMURA**  
Managing Director

## **POLICE DEPARTMENT COUNTY OF KAUAI**

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**DARRYL D. PERRY**  
Chief of Police  
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**MICHAEL M. CONTRADES**  
Deputy Chief  
[mcontrades@kauai.gov](mailto:mcontrades@kauai.gov)

March 12, 2014

Chairman Henry J. C. Aquino  
and Committee Members  
Committee on Public Safety  
House of Representatives  
Hawaii State Capitol, Room 309  
415 South Beretania Street  
Honolulu, Hawaii 96813

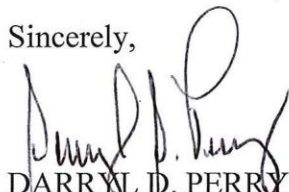
Subject: Testimony in Support of Senate Bill 3103 SD2, Relating to Enhanced 911 Surcharges

Dear Chair Aquino and Members:

The Kauai Police Department is in support of Senate Bill No. 3103, SD2, Relating to Enhanced 911 Surcharges. This important bill will provide more equity for 911 users by establishing the point of sale surcharge of 66 cents for pre-paid wireless service which is on par with post paid wireless services.

Your consideration is appreciated.

Sincerely,



DARRYL D. PERRY  
Chief of Police

**HOUSE COMMITTEE ON  
PUBLIC SAFETY**

March 13, 2014

Senate Bill 3103, SD2 Relating to Enhanced 911 Surcharges

Chair Aquino and members of the House Committee on Public Safety, I am Jim Blundell, Senior Legislative Affairs Manager, T-Mobile USA, Inc.

T-Mobile supports the Legislature's effort to adopt a point of sale method of collection and remittance of the e911 surcharge on prepaid wireless services. The Committee has before it for consideration Senate Bill 3103, SD2, which would establish such a method. However, the bill as currently passed by the Senate and referred to your Committee raises several areas of concern that T-Mobile feels should be addressed as the Committee considers the bill:

First, the current language provides for remittance of the e911 surcharge to a website—eHawaii.gov—rather than to the 911 Board. The Board is the government agency currently charged with administering the fee. As the Attorney General's Office has pointed out, remittance of the surcharge to multiple entities, especially when one entity is not an agency of state government, is untenable. At a minimum, there are concerns regarding the authority of the website to enforce the law.

Second, current law provides an exemption from the current e911 surcharge for prepaid wireless services. We are concerned that, unless that exemption is preserved in current law, both the current surcharge on postpaid wireless service and the new surcharge on prepaid wireless service will be applied to prepaid wireless service.

Third, the current bill does not recognize the value of the expertise at the central revenue agency for the state, the Department of Taxation. Nearly all prepaid point of sale bills that have passed throughout the country require remittance of the surcharge to the state's central revenue agency. Although the 911 Board currently collects and administers the surcharge, it does not take advantage of the expertise of the Department of Taxation. We are concerned that this approach does not follow best practices and we strongly recommend a role for the Department in advising the Board.

The wireless industry trade association, CTIA, has recommended a set of amendments to SB 3103 SD2. T-Mobile supports those amendments and strongly recommends the Committee adopt them before reporting the bill out.

T-Mobile actively supports strong public safety measures, including a reliable and fully-funded e911 system in Hawaii. We believe that, with the proposed amendments, SB 3103 SD2 is an excellent step forward in realizing this goal in Hawaii.

Thank you for the opportunity to provide this testimony in favor of SB 3103, SD2 and we look forward to working with you on the bill.

Jim Blundell  
Senior Legislative Affairs Manager  
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March 13, 2014

Honorable Representative Henry Aquino  
Chair, House Committee on Public Safety

RE: Testimony in **Support** to Senate Bill 3103 SD2, Conference Room 309,  
March 13, 2014, 10:00 a.m.

Dear Chair Aquino and Committee Members:

AT&T supports Senate Bill 3103 SD2, which would establish the use of a "Point of Sale" method to collect and remit surcharges on prepaid wireless services to help fund the state's 911 system. If approved, Hawaii would join more than 30 states in using Point of Sale as the preferred method for placing a surcharge on prepaid wireless services.

The State of Hawaii currently applies a 66-cent per month surcharge on "post-paid" wireless services. These customers pay the 911 surcharge each month after being billed by their wireless carrier.

On the other hand, prepaid wireless customers do not receive a monthly bill. Customers pay for their services anytime, as needed, and may purchase these services from a wide variety of retailers and on-line. Therefore, the most viable way to collect the surcharge is during the actual retail transaction, or "Point of Sale." This legislation will bring fairness to how the 911 system is supported.

Finally, we recognize that issues have been raised by the Attorney General's Office concerning striking the exemption for prepaid in the current "post-paid" section of the law. We feel this exemption needs to stay in place to avoid creating a "double surcharge." The wireless industry, through CTIA, has offered a workable fix in its testimony, along with addressing the issue of remitting the surcharge to the Hawaii 911 Board. Thank you for considering these amendments, and we urge your support for Senate Bill 3103, SD2.

Respectfully Submitted,

Dan Youmans  
AT&T

March 12, 2014

Honorable Henry J.C. Acquino  
Chair, House Committee on Public Safety  
Hawaii State Capitol  
Room 419  
Honolulu, HI 96813

Honorable Kaniela Ing  
Vice-Chair, House Committee on Public Safety  
Hawaii State Capitol  
Room 311  
Honolulu, HI 96813

**RE: Senate Bill 3103 SD2, 9-1-1 Prepaid Surcharge – Support with Amendments**

Dear Chair Acquino and Vice-Chair Ing:

On behalf of CTIA-The Wireless Association®, the trade association for the wireless communications industry, I am writing to express our support for Senate Bill 3103 SD2 (related to the imposition of the 9-1-1 surcharge on prepaid wireless services) with amendments. We respectfully submit proposed amendments to address issues raised in the Senate Ways & Means Committee prior to Senate passage of the bill.

CTIA and the wireless industry are strong supporters of the public safety community and also believe a fully-funded and efficient 9-1-1 system is in the best interest of the people of Hawaii. With the proliferation of 9-1-1 calls made from wireless devices, it is that much more imperative that all who benefit from access to the 9-1-1 system are also contributors. As such, CTIA supports the public policy that prepaid wireless consumers should be paying a 9-1-1 surcharge.

Due to the unique business model of prepaid wireless services, where the majority of transactions occur at national ‘big box’ stores and other general retailers, the only way to accurately capture the 9-1-1 surcharge is to collect the surcharge at the point-of-sale at the time of the retail transaction. The wireless industry believes that model legislation endorsed by the National Conference of State Legislatures (NCSL) in 2009 is the appropriate method in which to accurately capture this surcharge. This legislation has been adopted in 31 states and the District of Columbia.

As you know, several issues were raised when the Senate Ways & Means Committee reported the bill. CTIA respectfully submits the attached amendments for your consideration. These proposed amendments would make the following changes to the bill:

- 1) Make the 911 Board responsible for administering the fee and making technical changes related to the deletion of eHawaii.gov as the administrative agency. As the Attorney General's office noted in testimony dated February 25<sup>th</sup>, eHawaii.gov is not an agency.
- 2) Clarify that the prepaid fee is imposed notwithstanding the exemption from the 9-1-1 fee on contract wireless plans that is provided in current statutes. We believe the current exemption needs to remain in place to ensure that both fees are not imposed on prepaid.
- 3) Requires the 911 Board to consult with the Department of Taxation on key issues related to administration of the surcharge as it applies to collection, remittance and audits. The NCSL-endorsed model bill requires the remittance of the 9-1-1 surcharge to the state's Department of Revenue. Recognizing this may not be palatable in Hawaii, we strongly recommend the 911 Board consult with the Department of Taxation, as the agency has familiarity with administering similar surcharges.

Thank you for the opportunity to submit testimony in favor of SB3103 SD 2 with suggested amendments.

Sincerely,



Bethanne Cooley  
Director, State Legislative Affairs  
CTIA-The Wireless Association ®



Proposed Amendments to SB3103 (SD2)

- 1) Page 1, line 4, after “(a)” strike “A” and insert, “Notwithstanding Section 138-4(b)(2), a”

*Clarifies that the new imposition applies notwithstanding the prepaid exemption. Retaining the current exemption is necessary to ensure that both the prepaid and postpaid fees are not applied to prepaid.*

- 2) Throughout the bill, wherever the word “Department” appears, strike the term and insert “Board”

*Switches functions to Board, which is already defined in existing statute section 138-1.*

- 3) Page 2, line 16, insert a period after the word “electronically”, strike the remainder of the sentence, and insert in lieu: “The Board, in consultation with the Department of Taxation, shall establish registration and payment procedures.”

*Requires Board to consult with Department of Taxation, which is more knowledgeable about administration of taxes collected by retailers.*

- 4) Page 3, line 12, after the word “The” insert “ Board, in consultation with the Department of Taxation, “

*Same comment as #3.*

- 5) Page 3, strike lines 17-21 and page 4, strike lines 1-2. Re-designate the remaining subsections accordingly.

*Subsection (i) is not needed because with the amendments above the money will go directly to the Board for deposit in the 911 fund.*

- 6) Page 5, strike line 3.

*The definition of “Department” is no longer needed as Board is designated as administrator.*



**LATE**



**iCERT**  
Industry Council for Emergency  
Response Technologies

P.O. Box 42563 Washington, D.C. 20015-2604

**Executive Director**  
George S. Rice, Jr.  
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March 13, 2014

Honorable Henry J.C. Aquino  
Chair, Hawaii House Committee on Public Safety  
Hawaii State Capitol, Room 419  
Honolulu, HI 96813

Honorable Kaniela Ing  
Vice-Chair, Hawaii House Committee on Public Safety  
Hawaii State Capitol, Room 311  
Honolulu, HI 96813

Dear Chair Aquino and Vice-Chair Ing,

On behalf of the Industry Council for Emergency Response Technologies (iCERT), I am writing to express our support for Senate Bill 3103 SD2, a legislative measure intended to include prepaid wireless communications in the pool of services for 9-1-1 surcharges.

iCERT represents the voice of the commercial sector in the emergency communications field, and plays an important role as the voice of companies on public policy issues impacting 9-1-1 and the emergency response system. In times of intense personal crisis and community-wide disasters, the first access point for those seeking all classes of emergency response is 9-1-1. And certainly, Hawaiians and travelers to the State expect and deserve excellent public safety services, which begin with the public's first access to response, a call to 9-1-1.

Key to maintaining effective 9-1-1 systems in Hawaii is a consistent and reliable source of funding, with an equitable distribution of surcharge assessment and collection across the various means of communications services, to include prepaid wireless service. Due to the distinctive business model associated with prepaid wireless services, where the majority of transactions occur at retail establishments, the best way to consistently and accurately collect the 9-1-1 surcharge is at the point-of-sale during the retail transaction.

In that Senate Bill 3103 SD2 establishes a prepaid wireless surcharge per retail transaction of prepaid wireless telecommunications service at the point of sale; allows sellers to deduct and retain three per cent of the surcharge that is collected; allows eHawaii.gov to retain up to two per cent of remitted surcharges to cover administrative costs; and requires the remaining amounts collected by eHawaii.gov to be placed in the enhanced 911 fund, iCERT supports this approach to include prepaid wireless service in the funding mechanisms for the State's 9-1-1 programs.

Our nation's public safety professionals make technology investment decisions every day. Available funding resources help guide these decisions as agencies look to improve their systems and ensure effective deployment of emergency services. Absent the requisite resources, no emergency communications agency, center, program, or plan can reach its potential or position itself effectively for the future, or even manage optimally in the present.

We greatly appreciate your dedication to the safety of your constituents and those traveling in your State. We look forward to working with you to advance our mutual goal of increasing public safety in Hawaii.

Kind regards,

A handwritten signature in black ink, appearing to read "G. S. Rice, Jr.", written in a cursive style.

George S. Rice, Jr.  
Executive Director

cc:

Hawaii House Committee on Public Safety

Honorable Sharon E. Har  
Honorable Linda Ichiyama  
Honorable Mark M. Nakashima  
Honorable Gregg Takayama  
Honorable Roy M. Takumi  
Honorable Ryan I. Yamane  
Honorable Kyle T. Yamashita  
Honorable Bob McDermott

## ing2-Travis

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 10, 2014 3:45 PM  
**To:** pbstestimony  
**Cc:** laurenzirbel@gmail.com  
**Subject:** Submitted testimony for SB3103 on Mar 13, 2014 10:00AM  
**Attachments:** HFIA testimony\_SB3103\_oppose\_PBS.pdf

### **SB3103**

Submitted on: 3/10/2014

Testimony for PBS on Mar 13, 2014 10:00AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lauren Zirbel	Hawaii Food Industry Association	Oppose	Yes

#### Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Impose enhanced 911 surcharge on prepaid phones

BILL NUMBER: SB 3103, SD-2

INTRODUCED BY: Senate Committee on Ways and Means

BRIEF SUMMARY: Adds a new section to HRS chapter 138 to provide that the enhanced 911 surcharge of \_\_\_ cents shall be imposed as a one-time charge on prepaid wireless telecommunications service. The surcharge shall be the liability of the consumer, but collected by the seller. Allows the seller to retain 3% of the surcharge collected from consumers and remit the balance to eHawaii.gov. Prior to transmitting the funds to the enhanced 911 fund, eHawaii.gov may retain 2% of the revenue collected from the seller.

EFFECTIVE DATE: July 1, 2050

STAFF COMMENTS: The legislature by Act 159, SLH 1994, established a wireless enhanced 911 surcharge of 66 cents per month and a wireless enhanced 911 fund to allow deployment of phase 1 and phase 2 of the wireless enhanced 911 service and expenses of administering the fund. The wireless enhanced 911 program allows wireless phones to be located by public safety personnel in the event of an emergency. The fee is collected to reimburse facilities that provide Public Safety Answering Points (PSAP) which are set up to determine the location of a wireless 911 call for emergency services.

In Act 79, SLH 2009, the legislature determined that there was an excess \$16 million in the enhanced 911 fund. At the time, public safety officials complained that diversion of receipts in the fund could disqualify the state from participating in federal grant programs to enhance the technology of 911 systems. But the fund was raided anyway. It now may be a good time for lawmakers to investigate whether all the funding needs of the system have been made and if upgrades are still needed. Are there technologies still to be implemented to fully operate the system? Is the rate too high, bringing in revenues faster than they can be spent? If the latter is true, then lawmakers should consider reducing the rate so the monthly burden will not be as great on users.

Currently, wireless phones are assessed a surcharge of 66 cents per month while landline phones are assessed 27 cents per month. Prepaid service connections or prepaid pay as you go cell phones are exempt from this surcharge. Because prepaid phones also have access to enhanced 911 services, it appears equitable to assess those phones a comparable amount.

In addition, prepaid phones may be recharged with minutes purchased online. Decisions also need to be made about how to treat recharges; the current language appears to allow recharges to be exempt because the intent appears to be to surcharge prepaid phones only once.

Digested 3/11/14