

Honolulu, Hawaii

FEB 12 2015

RE: S.B. No. 193
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committees on Public Safety, Intergovernmental and Military Affairs and Commerce and Consumer Protection, to which was referred S.B. No. 193 entitled:

"A BILL FOR AN ACT RELATING TO ENHANCED 911 SURCHARGES,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require a prepaid wireless E911 surcharge on each retail prepaid transaction at the point of sale;
- (2) Allow sellers to deduct and retain three percent of the prepaid wireless E911 surcharges that are collected and requires the seller to remit all remaining surcharges collected to eHawaii.gov; and
- (3) Allow eHawaii.gov to retain up to two percent of the remitted prepaid wireless E911 surcharges collected to cover the costs of administering the prepaid wireless E911 charges and require eHawaii.gov to transfer all remaining remitted surcharges to the enhanced E911 fund.

Your Committees received testimony in support of this measure from the Enhanced 911 Board, Police Department of the City and County of Honolulu, Police Department of the County of Hawaii, Police Department of the County of Maui, Verizon, and CTIA - The Wireless Association. Your Committees received testimony in opposition to this measure from the Hawaii Food Industry



Association. Your Committees received comments on this measure from the Department of Taxation, Department of the Attorney General, and Tax Foundation of Hawaii.

Your Committees find that prepaid wireless consumers have the same access to emergency 911 services from their wireless devices as wireless consumers on term contracts. Yet, prepaid wireless consumers receive this benefit without having to pay the enhanced 911 surcharge that is imposed on wireless consumers with term contracts. This measure ensures equitable contributions to the funding of 911 systems from consumers of prepaid wireless telecommunications services.

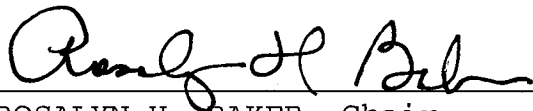
Your Committees have amended this measure by:

- (1) Prohibiting a seller from applying a prepaid wireless E911 surcharge on a transaction for a minimal amount of prepaid wireless telecommunications service that is sold with a prepaid wireless device for a single, non-itemized price;
- (2) Eliminating the requirement that audit and appeal procedures applicable to retailers, pursuant to chapter 237, Hawaii Revised Statutes, apply to prepaid wireless E911 surcharges;
- (3) Substituting references to "department" with references to the Enhanced E911 Board;
- (4) Deleting the Enhanced 911 Board's authority to retain a portion of remitted surcharges;
- (5) Amending the requirement that the Enhanced E911 Board establish procedures for sellers regarding documenting a sale that is not a retail transaction by eliminating the requirement that the procedures be in accordance with the procedures for documenting sale for resale transactions pursuant to chapter 237, Hawaii Revised Statutes;
- (6) Inserting an effective date of July 1, 2020, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

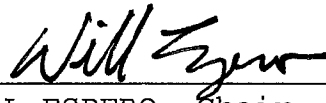


As affirmed by the records of votes of the members of your Committees on Public Safety, Intergovernmental and Military Affairs and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 193, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 193, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Public Safety, Intergovernmental and Military Affairs and Commerce and Consumer Protection,



ROSALYN H. BAKER, Chair



WILL ESPERO, Chair



