

HB206 HD2

Measure Title: RELATING TO ENHANCED 911 SERVICES.

Report Title: Prepaid Wireless; Enhanced 911 Services

Description: Establishes a prepaid wireless E911 surcharge at the point of sale. Allows sellers to deduct and retain for administrative purposes 1.5% of the surcharge that is collected. Requires deposit of surcharge balance in the enhanced 911 fund. Requires a report. Sunsets on June 30, 2022. (HB206 HD2)

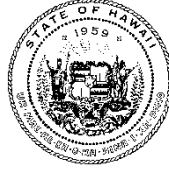
Companion:

Package: None

Current Referral: CPH, WAM

Introducer(s): SOUKI (Introduced by request of another party)

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

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

TESTIMONY
OF
COURTNEY TAGUPA, EXECUTIVE DIRECTOR
ENHANCED 911 BOARD
TO THE
SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH
ON
TUESDAY, MARCH 14, 2017
CONFERENCE ROOM 229

H.B. 206, H.D.2

RELATING TO ENHANCED 911 SERVICES

HB 206, HD2 and SB887, SD1, are E911 Board's companion bills that request a 1.5% surcharge on prepaid wireless communications for parity with the 66 cents current surcharge on monthly postpaid wireless communications that supports E911 programs. While prepaid services comprise a small percentage of the market share, we are mindful that its consumer patterns are unpredictable.

We submit our position as follows:

We oppose HB206, HD2, as amended by House CPC Committee for its reporting and sunset provisions. (1) The reporting of aggregate fees is already required in our annual report to the Legislature. Revenues will report this new 1.5% surcharge fee, as applied against budgeted expenses over a 3-5 year strategic planning period. (2) The surcharge "impact" reports on rural consumers and retailers who experience declining sales, lack reliable data bases for these narrow reviews (rural consumers and declining sales). We have yet to receive confirmation that such data is publicly available, comprehensive, and reliable. (3) The sunset provision deters our ability to plan and incorporate the new surcharge revenues in our 3-5 year strategic budget planning. Good financial planning cannot rely on an uncertain future.

We support SB887, SD1, as our vehicle to establish the 1.5% surcharge on prepaid wireless communications services. It addresses the technical amendments and 2018 enactment date.

We thank you for your support throughout this process.

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

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

TESTIMONY OF
RODERICK K. BECKER, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
COMMERCE, CONSUMER PROTECTION, AND HEALTH
ON
TUESDAY, MARCH 14, 2017
9:00 A.M.
CONFERENCE ROOM 229

H.B. 206, H.D. 2

RELATING TO ENHANCED 911 SERVICES.

Chair Baker, Vice Chair Nishihara, and members of the Committee, thank you for the opportunity to provide testimony on H.B. 206, H.D. 2.

The Department of Accounting and General Services (DAGS) supports the measure for the following reasons:

1. This bill will create parity between postpaid and prepaid cellular phone customers. It is estimated that approximately 10% to 20% of cellular phone customers use prepaid cellular phones. Although the prepaid cellular phone customers benefit from the use of the enhanced 911 features, they are currently exempt from the \$0.66/month per line surcharge. As a result, postpaid cellular phone customers subsidize the prepaid cellular phone customers' portion of the cost for the acquisition, implementation and maintenance of hardware and software that provide enhanced 911 functionality.
2. Approximately 38 states and the District of Columbia have enacted legislation to assess 911 call surcharges on prepaid cell phone customers.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
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Phone: (808) 586-8844 / Fax: (808) 586-9099
Email: dlr.director@hawaii.gov

March 13, 2017

The Honorable Rosalyn Baker, Chair
Committee on Commerce, Consumer
Protection, and Health
The State Senate
State Capitol, Room 230
Honolulu, Hawaii 96813

Dear Chair Baker:

Subject: House Bill (HB) 206, House Draft (HD) 2 Relating to Enhanced 911 (E911)
Services

I am Manuel P. Neves, Chair of the Hawaii State Fire Council (SFC) and Fire Chief of the Honolulu Fire Department (HFD). The SFC and the HFD support HB 206, HD 2, which proposes to amend the E911 surcharge from prepaid wireless mobile phone consumers at the retail point of sale.

This bill would impose the surcharge at the point of sale in a fair and equitable manner to prepaid wireless consumers. Currently, prepaid wireless consumers have the same access to the E911 system, but are exempt from paying the 66-cent surcharge. We believe the payment and collection of charges used to support the E911 system should be in parity with other wireless consumers.

The SFC and the HFD urge your committee's support on the passage of HB 206, HD 2.

Should you have questions, please contact SFC Administrator Socrates Bratakos at 723-7105 or sbratakos@honolulu.gov.

Sincerely,

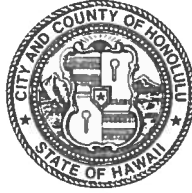
A handwritten signature in black ink, appearing to read "M. Neves".

MANUEL P. NEVES
Chair

MPN/LR:clc

POLICE DEPARTMENT
CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813
TELEPHONE: (808) 529-3111 · INTERNET: www.honolulu-pd.org



KIRK CALDWELL
MAYOR

LOUIS M. KEALOHA
CHIEF

CARY OKIMOTO
JERRY INOUE
DEPUTY CHIEFS

OUR REFERENCE **WB-AS**

March 14, 2017

The Honorable Rosalyn H. Baker, Chair
and Members
Committee on Commerce, Consumer
Protection, and Health
State Senate
Hawaii State Capitol
415 South Beretania Street, Room 229
Honolulu, Hawaii 96813

Dear Chair Baker and Members:

SUBJECT: House Bill No. 206, HD2, Relating to Enhanced 911 Services

I am William Baldwin, Major of the Communications Division of the Honolulu Police Department (HPD), City and County of Honolulu.

The HPD supports House Bill No. 206, HD2, Relating to Enhanced 911 Services, with the suggested amendment to set the unspecified prepaid wireless enhanced 911 surcharge at 1.5 percent.

This bill provides a fair and equitable contribution to the funding of the 911 system. Currently, prepaid wireless consumers are exempt from paying the the 1.5 percent 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 House Bill No. 206, HD2, with the suggested amendment.

Thank you for the opportunity to testify.

APPROVED:

A handwritten signature in black ink, appearing to read "Cary Okimoto", is written over a horizontal line.

Cary Okimoto
Acting Chief of Police

Sincerely,

A handwritten signature in black ink, appearing to read "William Baldwin", is written in a cursive style.

William Baldwin, Major
Communications Division

From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 10, 2017 3:54 PM
To: CPH Testimony
Cc: dean.rickard@mpd.net
Subject: *Submitted testimony for HB206 on Mar 14, 2017 09:00AM*

HB206

Submitted on: 3/10/2017

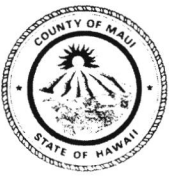
Testimony for CPH on Mar 14, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Dean Rickard	Maui Police Department	Support	No

Comments:

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ALAN M. ARAKAWA
MAYOR

OUR REFERENCE

YOUR REFERENCE

POLICE DEPARTMENT

COUNTY OF MAUI

55 MAHALANI STREET
WAILUKU, HAWAII 96793
(808) 244-6400
FAX (808) 244-6411

March 14, 2017



TIVOLI S. FAAUMU
CHIEF OF POLICE

DEAN M. RICKARD
DEPUTY CHIEF OF POLICE

Honorable Rosalyn H. Baker, Chair
Honorable Clarence K. Nishihara, Vice Chair
And Members of the Committee on Commerce,
Consumer Protection, and Health

The Senate
State Capitol
Honolulu, Hawaii 96813

RE: House Bill No. 206, House Draft 2, RELATING TO ENHANCED 911 SERVICES

Dear Chair Baker and Members of the Committee:

The Maui Police Department supports H.B. 206, H.D. 2

This bill would provide funding to the Enhanced 911 Services through a surcharge collected at the time of purchase of prepaid wireless cellular phones. This surcharge is, as you know, a program that exists for contract cellular phone service providers.

Not only will this increase the funding for the Enhanced 911 Services, it will put the prepaid wireless cellular consumers that also use 911 services on track with current contract wireless users. This will insure the services are charged to the consumer fairly and equally across the board for both users of contract wireless and prepaid wireless cellular phones.

The Maui Police Department asks that you support House Bill No. 206, H.D. 2.

Sincerely,

TIVOLI S. FAAUMU
Chief of Police

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 13, 2017 7:28 AM
To: CPH Testimony
Cc: paul.ferreira@hawaiicounty.gov
Subject: *Submitted testimony for HB206 on Mar 14, 2017 09:00AM*

HB206

Submitted on: 3/13/2017

Testimony for CPH on Mar 14, 2017 09:00AM in Conference Room 229

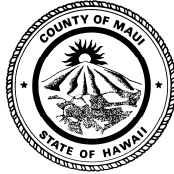
Submitted By	Organization	Testifier Position	Present at Hearing
Paul K. Ferreira	Hawaii Police Department	Support	No

Comments:

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ALAN M ARAKAWA
MAYOR



JEFFREY MURRAY
FIRE CHIEF

ROBERT SHIMADA
DEPUTY FIRE CHIEF

COUNTY OF MAUI
DEPARTMENT OF FIRE & PUBLIC SAFETY

200 DAIRY ROAD
KAHULUI, HI 96732
(808) 270-7561
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March 13, 2017

The Honorable Rosalyn Baker, Chair
Committee on Commerce, Consumer
Protection, and Health
The State Senate
State Capitol, Room 230
Honolulu, Hawaii 96813

Dear Chair Baker:

Subject: House Bill (HB) 206, House Draft (HD) 2 Relating to Enhanced 911 (E911) Services

I am Jeffrey A. Murray, Member of the Hawaii State Fire Council (SFC) and Fire Chief of the Maui Fire Department (MFD). The SFC and the MFD support HB 206, HD 2, which proposes to amend the E911 surcharge from prepaid wireless mobile phone consumers at the retail point of sale.

This bill would impose the surcharge at the point of sale in a fair and equitable manner to prepaid wireless consumers. Currently, prepaid wireless consumers have the same access to the E911 system, but are exempt from paying the 66-cent surcharge. We believe the payment and collection of charges used to support the E911 system should be in parity with other wireless consumers.

The SFC and the MFD urge your committee's support on the passage of HB 206, HD 2.

Should you have questions, please contact SFC Administrator Socrates Bratakos at 723-7105 or sbratakos@honolulu.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey A. Murray".

JEFFREY A. MURRAY
Fire Chief

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Impose enhanced 911 surcharge on prepaid phones

BILL NUMBER: HB 206, HD-2

INTRODUCED BY: House Committee on Consumer Protection & Commerce

EXECUTIVE SUMMARY: Imposes an enhanced 911 surcharge on prepaid phones. This is seen as a way to close a loophole in existing law.

BRIEF SUMMARY: Adds a new section to HRS chapter 138 to provide that an enhanced 911 surcharge of 1.5% shall be imposed as a one-time charge on prepaid wireless telecommunications services. 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 the enhanced 911 board.

Conforming amendments are made to other sections in chapter 138.

EFFECTIVE DATE: January 1, 2012, and repeals June 30, 2022.

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. Perhaps lawmakers should 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 fair rate as well.

Digested 2/21/2017



3610 Waialae Ave
Honolulu, HI 96816
P: (808) 592-4200
E: tyamaki@rmhawaii.org

**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
March 14, 2017**

Re: HB206 HD2 RELATING TO ENHANCED 911 SERVICES

Good morning Chair Baker and members of the Senate Committee on Commerce, Consumer Protection and Health. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii (RMH) is a statewide not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

The Retail Merchants of Hawaii acknowledges the importance being able to access the 911 service during an emergency from a land line or mobile device. However, we are **STRONGLY OPPOSED** to HB206 HD2 Relating to Enhanced 911 Services. This measure essentially places an additional 1.5% tax on prepaid wireless services at the point of sales.

Although the House and the Senate versions of this measure varies on the effective date and the House version has a sunset date, the effect of this measure will be the same. Unfortunately this **proposed surcharge is a tax that is aimed at those on a fixed income and the financially challenged like the elderly** - who are the specific niche market that uses prepaid cell services. It will also have **an adverse effect on many small businesses like mom & pop stores** who sell prepaid cell services as the cost to implement this new "tax" can be substantial.

The most harmful consequence of this new tax guised as a surcharge will be on our smaller retailers who are already operating on a thin margin. A new Point of Sales (POS) system or an upgrade to their existing antiquated system to handle this new surcharge would include the terminals, the computer hardware and software could cost a retailer \$5,000 - \$10,000 per unit. It is our understanding that older models sometimes are not able to be updated with new software and a new system may be needed.

To just update the software of an existing POS system, it could cost upwards of \$140 per hour for an IT specialist to program and install the updates on all of the individual terminals and input all of the new SKU/barcode numbers into the system so that the various denominations of pre-paid phone cards are recognized and the proper surcharge tax could be levied.

Why not go to a box or office supply store to purchase a new cash register that would be cheaper than a POS system? These cash registers are not able to do an itemized list of what you purchased. It will show the price of the item and add the general excise tax at the end, but not list what the items are. When adding a new surcharge tax, the person doing the books would have to go purchase by purchase line by line to highlight out the Prepaid Wireless Services purchased as well as fill out the necessary reports and paperwork associated with maintaining accurate records, and preparing and submitting the returns and payments. A cost of about \$100 per hour each month may be incurred if the small businesses has to hire a bookkeeper and even more for a CPA.

The 3% the retailers could retain is not enough to cover the costs involved. As a result, this additional costs of doing business will be passed on and shared by all consumers, thus driving up the cost of living in Hawaii. Those on a fixed income like the elderly who do not qualify for public assistance may be burdened the most. To absorb the cost of implementing this surcharge, an increase in prices throughout the store may be seen on items that include but are not limited to milk, rice and toilet paper to name a few.

Government mandates like this one has the potential to force some of these small locally owned businesses to close, leaving people out of work. Or we will see businesses no longer selling prepaid wireless services. We believe the revenue will be a lot less than the E911 Board's estimated annual revenue of \$1.2 million from prepaid surcharge. Retailers are constantly seeing a surge of online purchasing and this would include prepaid wireless services. If customers are purchasing services online, they can circumvent having to pay taxes and surcharges while enjoying free shipping. We also question what type of enforcement will be in place and how will they enforce this if they don't know who all are selling the services?

We respectfully ask that your consideration NOT to add greater burden to our cost of doing business or our cost of living, and urge you to hold this measure. Mahalo for this opportunity to testify.



March 12, 2017

Honorable Rosalyn Baker
Chair, Senate Committee on Commerce, Consumer Protection, and Health
Hawaii State Capitol
Room 230
Honolulu, HI 96813

Honorable Clarence K. Nishihara
Vice Chair, Senate Committee on Commerce, Consumer Protection, and Health
Hawaii State Capitol
Room 214
Honolulu, HI 96813

RE: House Bill 206 HD2, 9-1-1 Prepaid Surcharge at Point-of-Sale

Dear Chair Baker and Vice Chair Nishihara:

On behalf of CTIA, the trade association for the wireless communications industry, I am writing to express our support for House Bill 206 HD 2, related to the imposition of the 9-1-1 surcharge on prepaid wireless services. We are supportive of the bill with the amended 9-1-1 prepaid fee at 1.5% at the point-of-sale. CTIA supports a 1.5% assessment, as it is equivalent to the amount that postpaid customers currently pay. This creates equity between postpaid and prepaid wireless customers.

CTIA and the wireless industry are strong supporters of the public safety community and 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 those 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, 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 38 states and the District of Columbia.

In closing, CTIA supports equity amongst prepaid and postpaid wireless consumers and, as such, are supportive of House Bill 206 HD 2.

Thank you for the opportunity to submit comments.

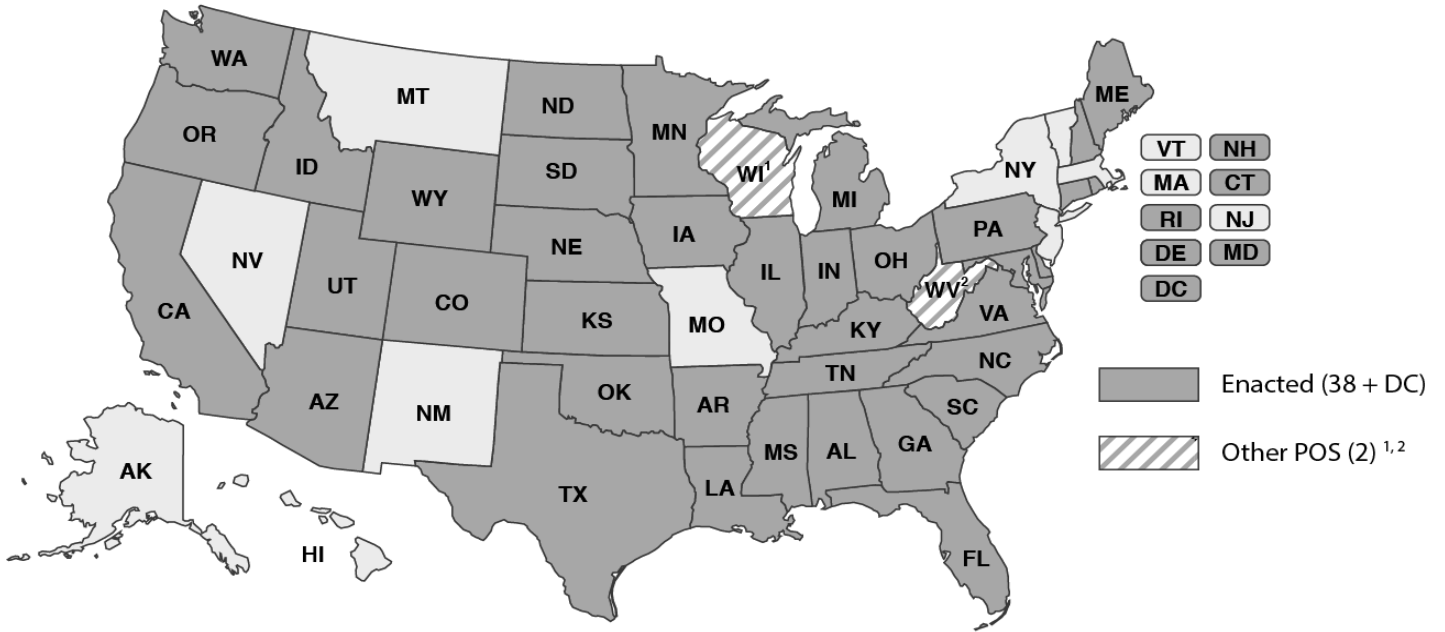
Sincerely,

A handwritten signature in black ink that reads "Bethanne Cooley". The signature is written in a cursive, flowing style.

Bethanne Cooley
Director, State Legislative Affairs
CTIA

States Trending Toward Point-of-Sale Collection of E911 Taxes and Fees on Prepaid

Prepaid Point of Sale Status



¹ Wisconsin: Police and fire protection fee at POS

² West Virginia: Sales tax in lieu of 911 fee



Joyce Masamitsu
Director, Public Policy & Legal Affairs
Pacific and North Central Markets
15505 Sand Canyon Avenue
Irvine, CA 92618

March 14th, 2017

Honorable Rosalyn H. Baker
Chair, Senate Committee on Commerce, Consumer Protection and Health
Hawaii State Capitol
Room 230
Honolulu, HI 96813

Honorable Clarence Nishihara
Vice Chair, Senate Committee on Commerce, Consumer Protection and Health
Hawaii State Capitol
Room 214
Honolulu, HI 96813

RE: House Bill 206 HD 2, 9-1-1 Prepaid Surcharge – Support

Dear Chair Luke and Vice Chair Cullen and Members of the Committee,

I submit this testimony on behalf of Verizon in Support of House Bill 206 HD2 that would assess the Enhanced 9-1-1 surcharge for prepaid wireless services to a rate of 1.5%. Verizon supports this rate as the closest equivalent to the current surcharge imposed on postpaid users and creates equity between postpaid and prepaid wireless subscribers.

The Enhanced 9-1-1 Board has worked diligently alongside CTIA, the Wireless Industry Association, to ensure acceptable alignment with model legislation adopted by the National Conference of State Legislators. House Bill 206 HD2 captures the key components of the model bill and aligns with legislation already passed by 38 states and the District of Columbia for the collection of the Enhanced 911 fee using the "Point of Sale" methodology.

Chair Baker, Vice Chair Nishihara and members of the Senate Committee on Commerce, Consumer Protection and Health, for the above reasons, Verizon requests your vote to SUPPORT House Bill 206 HD2.

Thank you for your consideration.

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 11, 2017 7:44 AM
To: CPH Testimony
Cc: bonnie.young@mpd.net
Subject: Submitted testimony for HB206 on Mar 14, 2017 09:00AM

HB206

Submitted on: 3/11/2017

Testimony for CPH on Mar 14, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Bonnie Young	Individual	Support	No

Comments: As a 911 Operator and a cell phone user, I support HB206.

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Sent: Friday, March 10, 2017 3:22 PM
To: CPH Testimony
Cc: courtney.tagupa@hawaii.gov
Subject: *Submitted testimony for HB206 on Mar 14, 2017 09:00AM*

HB206

Submitted on: 3/10/2017

Testimony for CPH on Mar 14, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
C. Thomas Tagupa	Individual	Support	No

Comments:

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Sent: Friday, March 10, 2017 2:58 PM
To: CPH Testimony
Cc: victor.ramos@mpd.net
Subject: *Submitted testimony for HB206 on Mar 14, 2017 09:00AM*

HB206

Submitted on: 3/10/2017

Testimony for CPH on Mar 14, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Victor K. Ramos	Individual	Support	No

Comments:

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