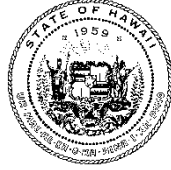


DAVID Y. IGE  
GOVERNOR



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  
HOUSE COMMITTEE ON FINANCE  
ON  
THURSDAY, FEBRUARY 23, 2017  
CONFERENCE ROOM 308

H.B. 206, H.D.2

RELATING TO ENHANCED 911 SERVICES

Chair Luke and members of the Committee, thank you for the opportunity to provide testimony on H.B. 206, H.D. 2, on behalf of the Enhanced 911 Board. I represent the thirteen member board comprised of County emergency responders, State government Consumer and IT representatives, and private sector telecommunications industry representatives who manages the E911 Special Fund.

The Fund relies on its wireless communications surcharges for continuous improvement that sustains statewide dispatch operations. The four counties invested two years of upgrades and testing to enable **text message transmissions** that now support (1) stranded hikers in remote areas like Hawaii County's Puna District and Oahu Koolau ridges, (2) hearing and speech impaired persons, and (3) persons in domestic or criminal peril when voice phone calls jeopardize their situations. In 2016, 75% of 911 calls were via wireless phones.

H.B. 206, H.D. 2, remedies the surcharge inequity between those who post pay 66 cents monthly for wireless E911 services and those who pre pay no fee for the same E911 service. The Board supports a **1.5% fee at the point of sale for prepaid wireless telecommunications services, an equivalent of the 66 cents monthly surcharge**, and a fair estimation of Hawaii data from CTIA (Cellular Telecommunications Industry Association). The 1.5% prepaid fee would total about \$4.95 for 12 months of prepaid services. Its estimated annual revenue of \$1.2M would augment the E911 Fund that supports the four counties' Five Year Strategic Budget.

In consideration of low income needs, a purchase of ten minutes, or \$5 or less, would be exempt from the 1.5% fee, and FCC's "Lifeline" program provides monthly stipends to income eligible

persons. In consideration of retailers' concerns for administrative startup costs to implement prepaid wireless service collections, the bill provides that 3 percent be deducted from prepaid service collections for administrative purposes, and a year to establish compliance procedures.

H.B. 206, H.D. 2, requires the E911 Board make several reports to the Legislature in 2019 on: (1) total aggregate surcharges collected, (2) impact of surcharge on consumers in rural areas, (3) impact of surcharge on businesses' discontinuing sales of prepaid wireless service, and (4) a consideration for reducing the surcharge on wireless and landline services to be equivalent to the prepaid surcharge of this measure. A sunset provision repeals the 1.5% prepaid surcharge after a four year period of review.

In response to the first and fourth reports, we note that the Board already reports a total aggregate surcharge collected, and a cost study to guide the Legislature toward necessary adjustments to the monthly surcharge (Sec. 138-6, HRS). Our annual external audit will include the new 1.5% surcharge in the revenue base for the consolidated five year expenditure plan and budget. The Board monitors its monthly cash flow that supports its income against expenses for E911 operations. The Board is currently reviewing other jurisdictions who have launched *Next Generation (NG) 911 Strategic Plans*, as a continuum of the Board's *Text-to-911 upgrades*.

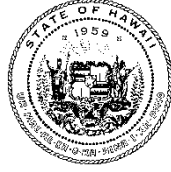
In response to the second and third reports, the request for impact on rural consumers and declining businesses needs an objective reliable data base of self-reporting consumers and retailers who buy/sell prepaid wireless service. We note that information from Retail Merchants of Hawaii, DCCA's Business registration and DoTax GET collections from retailers of prepaid wireless services would be voluntary and are skewed or access-limited. Therefore, the effort required for a reliable useful report seems dubious.

A larger issue regarding surcharges on retailers presented in an FCC Task Force Report (January 2016), is the difficulty of enforcing independent retailers to comply with collecting and remitting prepaid wireless fees. The enforcement costs outweigh the benefits of tracking retailers, who include internet retailers spread across numerous outlets and "recharge" prepaid sales. Of the 37 States that enacted point of sale collections for prepaid plans, 27 have enforcement authority over service providers, but do not have knowledge as to which independent retailers collect or do not collect or remit 911 fees. The Board notes that Hawaii's experience with prepaid surcharges is premature but when and if demographic impact of fees be considered, that broader issues of enforcement be presented as well.

With respect and understanding of Hawaii retailers' concerns over the surcharge economic impact on sales, we ask that they balance their concerns against the need to support emergency responders' costly wireless equipment, routine maintenance, and software upgrades that provide robust emergency communications. The NG911 capabilities (photo and video transmissions) is already common wireless practice and being planned for in our near future. We ask for your surcharge support that sustains public safety response. Mahalo.

[Courtney.tagupa@hawaii.gov](mailto:Courtney.tagupa@hawaii.gov) (808) 391-7971

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  
HOUSE COMMITTEE ON FINANCE  
ON  
THURSDAY, FEBRUARY 23, 2017  
1:00 P.M.  
CONFERENCE ROOM 308

H.B. 206, H.D. 2

RELATING TO ENHANCED 911 SERVICES.

Chair Luke, Vice Chair Cullen, 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 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 HOSHIJO  
DEPUTY DIRECTOR

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

February 22, 2017

The Honorable Sylvia Luke, Chair  
Committee on Finance  
House of Representatives  
State Capitol, Room 306  
Honolulu, Hawaii 96813

Dear Chair Luke:

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 to 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](mailto:sbratakos@honolulu.gov).

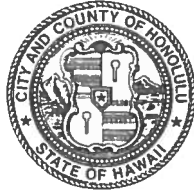
Sincerely,

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**

February 23, 2017

The Honorable Sylvia Luke, Chair  
and Members  
Committee on Finance  
House of Representatives  
Hawaii State Capitol  
415 South Beretania Street, Room 308  
Honolulu, Hawaii 96813

Dear Chair Luke 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:

Sincerely,

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

Cary Okimoto  
Acting Chief of Police

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:** Wednesday, February 22, 2017 9:19 AM  
**To:** FINTestimony  
**Cc:** dean.rickard@mpd.net  
**Subject:** Submitted testimony for HB206 on Feb 23, 2017 13:00PM

**HB206**

Submitted on: 2/22/2017

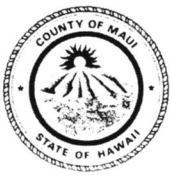
Testimony for FIN on Feb 23, 2017 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dean Rickard	Maui Police Department	Support	No

Comments: The Maui Police Department strongly supports House Bill No. 206, with its purpose being to impose an established prepaid wireless E911 surcharge per retail transaction, which basically eliminates the exemption for prepaid wireless connections. We believe this legislation as written will provide fairness and equity amongst consumers of wireless communication devices, and further contribute to the additional revenue for the enhanced 911 (E911) services and to ensure funds are utilized to incorporate, deploy and maintain newer, faster, and more efficient wireless communication technology. Furthermore, the Public Safety Answering Points (PSAP) must continuously upgrade equipment to take advantage of the increasing capabilities of these devices, as well as, meet the public expectations for the technology movement towards the Next Generation 911, which will allow the PSAP to receive text, photo, and video messages from wireless devices. Given the importance of the E911 system to all members of our community, the Maui Police Department urges you to support House Bill No. 206. Thank you for the opportunity to testify. DEAN M. RICKARD Deputy Chief Maui Police Department Molokai PSAP

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)



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



TIVOLI S. FAAUMU  
CHIEF OF POLICE

DEAN M. RICKARD  
DEPUTY CHIEF OF POLICE

February 23, 2017

The Honorable Sylvia Luke, Chair  
The Honorable Ty J.K. Cullen, Vice Chair  
And Members of the Committee on Finance

The House of Representatives  
State Capitol  
Honolulu, Hawaii 96813

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

Dear Chair Luke 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 and consumers.

Not only will this increase the funding for the Enhanced 911 Services, prepaid wireless cellular consumers that also use 911 services will be put 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



TESTIMONY OF  
DARRYL PERRY, CHIEF OF POLICE  
KAUAI POLICE DEPARTMENT  
TO THE  
HOUSE COMMITTEE ON FINANCE  
ON  
THURSDAY, FEBRUARY 23, 2017  
CONFERENCE ROOM 308

H.B. 206, H.D.2

RELATING TO ENHANCED 911 SERVICES

Chair Sylvia Luke and Vice Chair Ty J.K. Cullen, and members of the committee, thank you for the opportunity to testify on HB 206. The Kaua'i Police Department supports HB 206, Relating to Enhanced 911 Services that seeks to collect a 911 surcharge from prepaid wireless mobile phone consumers at the retail point of sale.

The collection of a prepaid wireless 911 surcharge is very important in order to sustain adequate funding for enhanced 911 services statewide. The Enhanced 911 Fund (Fund) provides funding to deploy and sustain Enhanced 911 services, as well as to develop and fund future enhanced 911 technologies. Currently, there is a monthly surcharge of 66 cents per month for each communications service connection, except wireless prepaid mobile phone users. This surcharge is remitted by the communications service providers to the Fund.

Surcharges for 911 should be fair and equitable. Currently, postpaid wireless consumers are paying the surcharge and prepaid consumers are not. This bill corrects this inequity. Today, Hawaii's prepaid wireless service consumers are being subsidized by postpaid consumers. To be fair and equitable, prepaid wireless consumers should not be exempt from the 911 surcharge. They should pay a 1.5%, 911 surcharge per transaction at the point of sale as stated in the Bill.

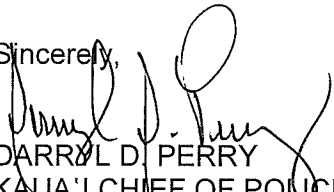
The Cellular Telephone Industries Association (CTIA) estimates prepaid wireless consumers comprise about 20% of the consumer market in Hawaii at this time. Approximately 40 states have already passed legislation for surcharges on prepaid wireless consumers.

The estimated additional revenue of \$1,200,000 per year will assist in upgrading and maintaining the Public Safety Answering Points (PSAP) computer hardware and software in order to support new and emerging technologies.

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 these reasons, we urge the committees to support this bill. Thank you for this opportunity to testify on this important matter.

Testimony Of Darryl D. Perry, Kaua'i Chief of Police  
House Committee on Finance  
February 22, 2017  
Page 2

Sincerely,



DARRYL D. PERRY  
KAUA'I CHIEF OF POLICE

**TESTIMONY OF THE HAWAI`I POLICE DEPARTMENT**

**HOUSE BILL 206, H.D. 2**

**RELATING TO ENHANCED 911 SERVICES**

**BEFORE THE COMMITTEE ON FINANCE**

**DATE : Thursday, February 23, 2017**

**TIME : 1:00 P.M.**

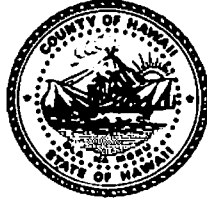
**PLACE : Conference Room 308  
State Capitol  
415 South Beretania Street**

**PERSON TESTIFYING:**

**Police Chief Paul K. Ferreira  
Hawai`i Police Department  
County of Hawai`i**

**(Written Testimony Only)**

Harry Kim  
Mayor



Paul K. Ferreira  
Police Chief

Kenneth Bugado Jr.  
Deputy Police Chief

## County of Hawai`i

February 21, 2017

### POLICE DEPARTMENT

349 Kapi`olani Street • Hilo, Hawai`i 96720-3998  
(808) 935-3311 • Fax (808) 961-2389

Representative Sylvia Luke  
Chair and Committee Members  
Committee on Finance  
415 South Beretania Street, Room 308  
Honolulu, Hawai`i 96813

**Re: HOUSE BILL 206, H.D. 2, RELATING TO ENHANCED 911 SERVICES**

Dear Representative Luke:

The Hawai`i Police Department supports House Bill 206, H.D. 2, with its purpose being to establish a prepaid wireless E911 surcharge per retail transaction of prepaid wireless telecommunications service at the point of sale, which basically eliminates the exemption for prepaid wireless connections.

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.

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.

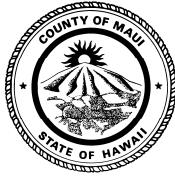
It is for these reasons, we urge this committee to approve this legislation.

Thank you for allowing the Hawai`i Police Department to provide comments relating to House Bill 206, H.D. 2.

Sincerely,

PAUL K. FERREIRA  
POLICE CHIEF

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  
Fax (808) 270-7919

February 22, 2017

The Honorable Sylvia Luke, Chair  
Committee on Finance  
House of Representatives  
State Capitol, Room 306  
Honolulu, Hawaii 96813

Dear Chair Luke:

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 to 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.

If you have any questions or concerns, please feel free to call my office at (808) 270-7561.

Sincerely,

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

JEFFREY A. MURRAY  
Fire Chief

**Harry Kim**  
Mayor



**Darren J. Rosario**  
Fire Chief

**Renwick J. Victorino**  
Deputy Fire Chief

**County of Hawai'i**  
**HAWAII FIRE DEPARTMENT**  
25 Aupuni Street • Suite 2501 • Hilo, Hawai'i 96720  
(808) 932-2900 • Fax (808) 932-2928

February 22, 2017

The Honorable Representative Sylvia Luke, Chair  
Committee on Finance  
State Capitol, Room 308  
Honolulu, Hawai'i 96813

Dear Chair Luke:

**Subject: H.B. 206, RELATING TO ENHANCED (E911) SERVICES**  
**Hearing Date: Thursday, February 23, 2017**  
**Time/Place of Hearing: 1:00 p.m., Conference Room 308**

I am Darren J. Rosario, Fire Chief of the Hawai'i Fire Department (HCFD) and member of the Hawai'i State Fire Council (SFC). The SFC and the HCFD supports HB 206, HD 2, which proposes to amend the E911 surcharge from prepaid wireless mobile phone consumers at the retail point of sale.

Currently, users of prepaid wireless consumers have access to the E911 system. However, they are exempt from payment of the 66-cent surcharge. The E911 system will see greater support if prepaid wireless consumers are charged in parity with other wireless consumers.

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 to and collection of charges used to support the E911 system should be in parity with other wireless consumers.

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

Please do not hesitate to call me at 932-2903 or [darren.rosario@hawaiiicounty.gov](mailto:darren.rosario@hawaiiicounty.gov) should you have any questions. Thank you for the opportunity to provide testimony in support of HB 206, HD 2.

Respectfully,

A handwritten signature in black ink, appearing to read "Darren J. Rosario".

DARREN J. ROSARIO  
Fire Chief



**TESTIMONY OF ROBERT TOYOFUKU ON BEHALF OF THE HAWAII  
ASSOCIATION FOR JUSTICE (HAJ) IN OPPOSITION TO H.B. 206, H.D. 2**

February 23, 2017  
1:00 p.m.  
CR 308

To: Chairwoman Sylvia Luke and the House Committee on Finance:

My name is Bob Toyofuku and I am presenting this testimony on behalf of the Hawaii Association for Justice (HAJ) in opposition to H.B. 206, H.D.2, relating to Enhanced 911 Services.

H.B. 206, H.D.2 addresses a surcharge that wireless carriers may charge consumers when selling prepaid wireless communication devices. Section (k) of the proposed measure removes liability from the provider or seller in conjunction with their assisting law enforcement. However, this provision is confusing and unnecessary as the provider and sellers are entitled to the normal protections under the law. They would not be liable for actions that are deemed reasonable under the circumstances. We request that it be stricken in its entirety so that page 4, line 7 would read:

~~(k) No provider or seller shall be liable for damages to any person resulting from or incurred in connection with the provision of any lawful assistance to any investigative or law enforcement officer of the United States or any political subdivision, in connection with any lawful investigation or other law enforcement activity by such law enforcement officer.~~

Thank you for allowing me to testify regarding this measure. Please feel free to contact me should you have any questions or desire additional information.

# 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





February 22, 2017

Honorable Sylvia Luke  
Chair, House Committee on Finance  
Hawaii State Capitol  
Room 306  
Honolulu, HI 96813

Honorable Ty J.K. Cullen  
Vice Chair, House Committee on Finance  
Hawaii State Capitol  
Room 316  
Honolulu, HI 96813

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

Dear Chair Luke and Vice Chair Cullen:

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.

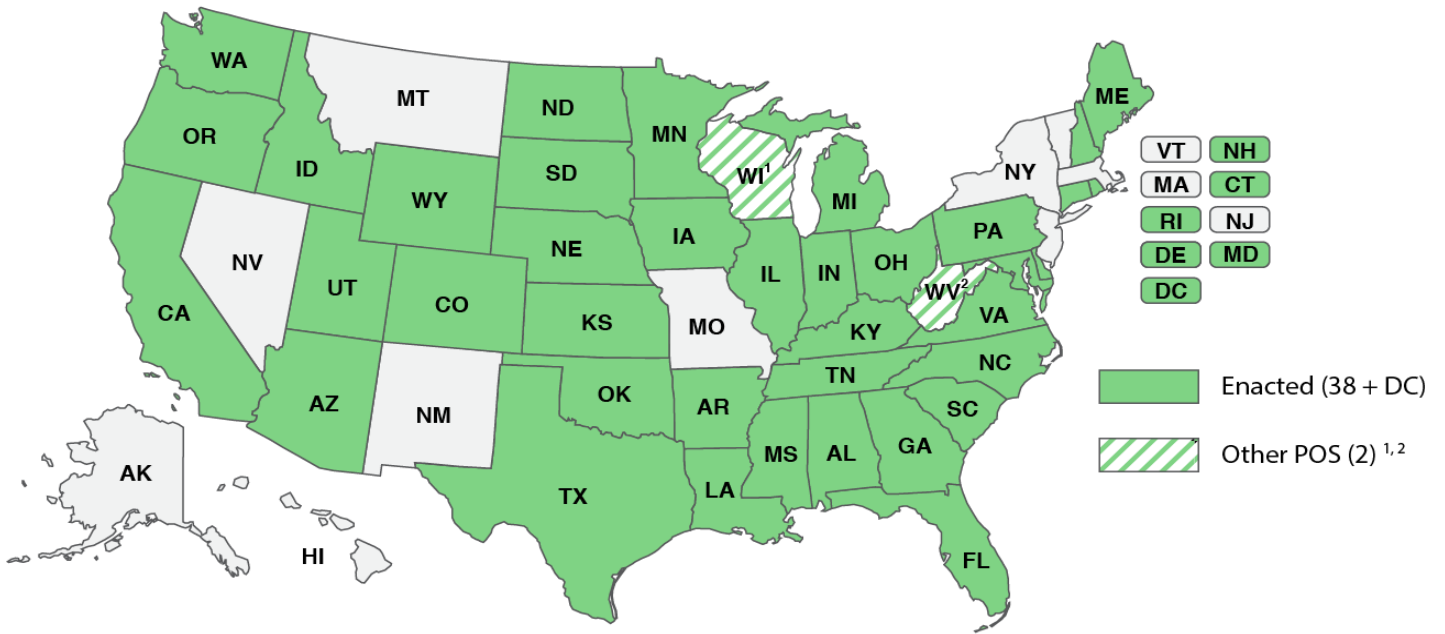
Sincerely,

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



<sup>1</sup> Wisconsin: Police and fire protection fee at POS

<sup>2</sup> 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  
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February 23<sup>rd</sup>, 2017

Honorable Sylvia Luke  
Chair, House Committee on Finance  
Hawaii State Capitol  
Room 306  
Honolulu, HI 96813

Honorable Ty J.K. Cullen  
Vice Chair, House Committee on Finance  
Hawaii State Capitol

**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 Luke, Vice Chair Cullen and members of the House Committee on Finance, for the above reasons, Verizon requests your vote to SUPPORT House Bill 206 HD2.

Thank you for your consideration.



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TESTIMONY OF TINA YAMAKI  
PRESIDENT  
RETAIL MERCHANTS OF HAWAII  
February 23, 2017

Re: HB 206 HD2 RELATING TO ENHANCED 911 SERVICES

Good afternoon Chair Luke and members of the House Committee on Finance. 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 HB 206 HD2 Relating to Enhanced 911 Services. This measure essentially places an additional 1.5% tax on prepaid wireless services at the point of sales. This would drive up the cost of not only the item but cost of doing business. There will be a large increased costs to implement and execute this mandate.

The 911 Board already takes in about over \$9.6 million a year from wireless services to upgrade and maintain the E911 system. We question their estimated annual revenue of \$1.2 million from prepaid surcharge. Retailers are constantly seeing a surge of online purchasing. This would include prepaid wireless services where customers can circumvent having to pay taxes and surcharges while enjoying free shipping.

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, especially the mom and pop stores. 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.

We also question what type of enforcement will be in place and who will provide and pay for the enforcement. Who will do the enforcement? Will it entail manpower? Extensive Reporting for the retailer? Will there be penalties?

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 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.