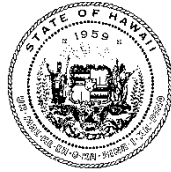


DAVID Y. IGE  
GOVERNOR



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

WRITTEN COMMENTS  
OF  
RODERICK K. BECKER, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
SENATE COMMITTEE ON WAYS AND MEANS  
ON  
FRIDAY, FEBRUARY 24, 2017  
1:35 P.M.  
CONFERENCE ROOM 211

S.B. 887, S.D. 1

RELATING TO ENHANCED 911 SERVICES.

Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee, thank you for the opportunity to provide written comments on S.B. 887, S.D. 1.

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 submit comments on this measure.

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

**SENATE BILL 887, S.D. 1**

**RELATING TO ENHANCED 911 SERVICES**

**BEFORE THE COMMITTEE ON WAYS AND MEANS**

**DATE : Friday, February 24, 2017**

**TIME : 1:35 P.M.**

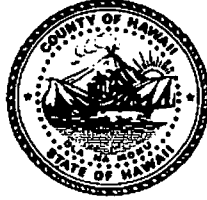
**PLACE : Conference Room 211  
State Capitol  
415 South Beretania Street**

**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

### POLICE DEPARTMENT

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

February 23, 2017

Senator Jill N. Tokuda  
Chairman and Committee Members  
Committee on Ways and Means  
415 South Beretania Street, Room 211  
Honolulu, Hawai`i 96813

**Re: SENATE BILL 887, SD 1, RELATING TO ENHANCED 911 SERVICES**

Dear Senator Tokuda:

The Hawai`i Police Department supports Senate Bill 887, SD 1, 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 Senate Bill 887, SD 1.

Sincerely,

PAUL K. FERREIRA  
POLICE CHIEF

WRITTEN TESTIMONY  
OF  
DARRYL D. PERRY, CHIEF OF POLICE  
KAUAI POLICE DEPARTMENT  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
FRIDAY, FEBRUARY 24, 2017  
1:30 P.M.  
CONFERENCE ROOM 209

S.B. 0887, S.D. 1

RELATING TO ENHANCED 911 SERVICES

Senator Jill N. Tokuda, Chair, Senator Donovan M. Dela Cruz, Vice Chair, and members of the committee, thank you for the opportunity to testify on SB 887. The Kaua'i Police Department supports SB 887, 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.

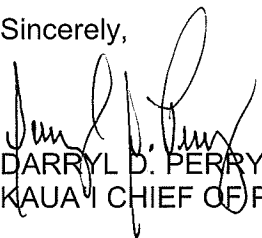
The Cellular Telephone Industries Association (CTIA) estimates prepaid wireless consumers comprise about 20% of the consumer market in Hawaii at this time. Approximately 40 states have already passed legislation for surcharges on prepaid wireless consumers.

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.

Testimony Of Darryl D. Perry, Kaua'i Chief of Police  
House Committee on Ways and Means  
February 23, 2017  
Page 2

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.

Sincerely,



DARRYL D. PERRY  
KAUA'I CHIEF OF POLICE

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 22, 2017 2:00 PM  
**To:** WAM Testimony  
**Cc:** victor.ramos@mpd.net  
**Subject:** \*Submitted testimony for SB887 on Feb 24, 2017 13:35PM\*

**SB887**

Submitted on: 2/22/2017

Testimony for WAM on Feb 24, 2017 13:35PM in Conference Room 211

<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:

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)

**TESTIMONY OF ROBERT TOYOFUKU ON BEHALF OF THE HAWAII ASSOCIATION FOR JUSTICE (HAJ) IN OPPOSITION TO S.B. 887, S.D. 1**

February 24, 2017  
1:35 P.M.  
CR 211

To: Chairwoman Jill N. Tokuda and the Senate Committee on Ways and Means:

My name is Bob Toyofuku and I am presenting this testimony on behalf of the Hawaii Association for Justice (HAJ) in opposition to S.B. 887, S.D.1, relating to Enhanced 911 Services.

S.B. 887, S.D.1 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 1 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.





February 23, 2017

Honorable Jill N. Tokuda  
Chair, Senate Committee on Ways and Means  
Hawaii State Capitol  
Room 207  
Honolulu, HI 96813

Honorable Donovan M. Dela Cruz  
Vice Chair, Senate Committee on Ways and Means  
Hawaii State Capitol  
Room 202  
Honolulu, HI 96813

**RE: Support Senate Bill 887 SD1 – 9-1-1 Prepaid Surcharge**

Dear Chair Tokuda and Vice Chair Dela Cruz:

On behalf of CTIA, the trade association for the wireless communications industry, I am writing to express our support for Senate Bill 887 SD1, related to the imposition of the 9-1-1 surcharge on prepaid wireless services. We are supportive of the bill as amended with the 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. In order to reach that end-result, we are supportive of Senate Bill 887 SD1.

Thank you for the opportunity to submit testimony.

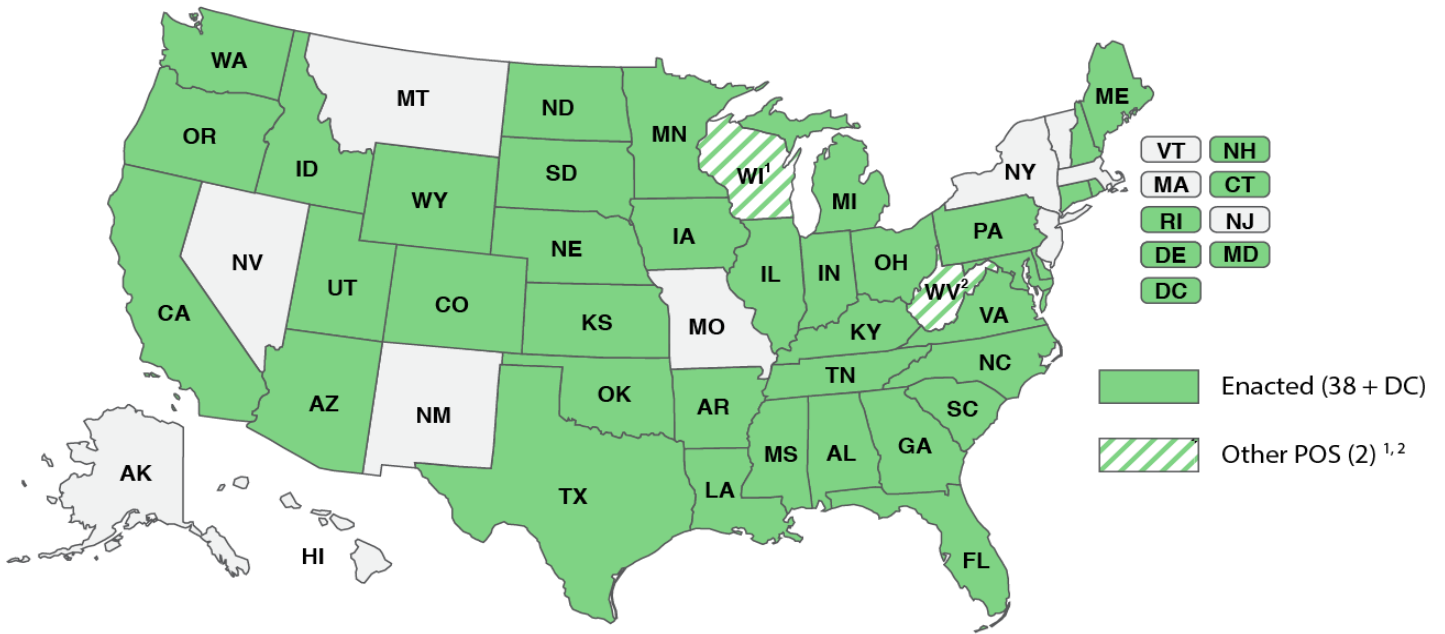
Sincerely,

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

# 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:** SB 887, SD-1

**INTRODUCED BY:** Senate Committees on Public Safety, Intergovernmental, and Military Affairs and Commerce, Consumer Protection, and Health

**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.

Conforming amendments are made to other sections in chapter 138.

**EFFECTIVE DATE:** July 1, 2018.

**STAFF COMMENTS:** The measure as originally introduced was sponsored by the Department of Accounting and General Services as AGS-03 (17).

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 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 2/22/2017



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

February 23, 2017

Honorable Jill N. Tokuda  
Chair, Senate Committee on Ways and Means Hawaii State Capitol  
Room 207  
Honolulu, HI 96813

Honorable Donovan M. Dela Cruz  
Vice Chair, Senate Committee on Ways and Means Hawaii State Capitol  
Room 202  
Honolulu, HI 96813

**RE: Senate Bill 887 SD 1, 9-1-1 Prepaid Surcharge – Support**

Dear Chair Tokuda and Vice Dela Cruz and Members of the Committee,

I submit this testimony on behalf of Verizon in Support of Senate Bill 887 SD1 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. Senate Bill 887 SD1 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 Tokuda, Vice Chair De La Cruz and members of the Senate Committee on Ways and Means, for the above reasons, Verizon requests your vote to SUPPORT Senate Bill 887 SD1.

Thank you for your consideration.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 23, 2017 11:02 AM  
**To:** WAM Testimony  
**Cc:** rgausepohl@kauai.gov  
**Subject:** \*Submitted testimony for SB887 on Feb 24, 2017 13:35PM\*

**SB887**

Submitted on: 2/23/2017

Testimony for WAM on Feb 24, 2017 13:35PM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rob Gausepohl	Individual	Support	No

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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