

Honolulu, Hawaii

MAR 20 2017

RE: H.B. No. 206
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 206, H.D. 2, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a 1.5 percent prepaid wireless E911 surcharge at the point of sale;
- (2) Allow sellers to deduct and retain three percent of all surcharges collected from consumers for administrative purposes;
- (3) Require sellers to remit the surcharge balance to the Enhanced 911 Board; and
- (4) Require the Enhanced 911 Board to submit a report to the Legislature on the prepaid wireless E911 surcharge no later than twenty days prior to the convening of the Regular Session of 2019.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services, Hawaii State Fire Council, Honolulu Fire Department, Maui Fire



Department, Honolulu Police Department, Maui Police Department, Hawai'i Police Department, CTIA, Verizon, and three individuals. Your Committee received testimony in opposition to this measure from the Retail Merchants of Hawaii. Your Committee received comments on this measure from the Enhanced 911 Board and Tax Foundation of Hawaii.

Your Committee finds that approximately ten to twenty percent of wireless telecommunications service is by consumers with prepaid wireless phones. Although users of prepaid wireless telecommunications services benefit from the use of enhanced 911 features, they are currently exempt from the \$0.66, monthly per-line surcharge imposed on consumers of postpaid, or contracted, wireless telecommunications services. Such exemption means that postpaid consumers are effectively subsidizing prepaid consumers' share of the cost for the acquisition, implementation, and maintenance of hardware and software that provide enhanced 911 functionality. Accordingly, this measure attempts to create parity between postpaid and prepaid wireless telecommunications service by establishing a 1.5 percent prepaid wireless E911 surcharge at the point of sale, while allowing sellers to deduct and retain three percent of all surcharges collected from consumers for administrative purposes.

Your Committee further finds that this measure also requires the Enhanced 911 Board to report to the Legislature on certain aspects of the prepaid E911 surcharge and includes a sunset date of June 30, 2022. However, according to testimony from the Enhanced 911 Board, the Board is already required to report aggregate fees in its annual report to the Legislature. The Enhanced 911 Board also expressed concern over the impact reports required by this measure, as the Board has not received confirmation that any relevant data for the requested impact reports would be publically available, comprehensive, or reliable. Finally, the Board noted that the sunset provision in this measure will have a detrimental impact on the Board's ability to plan and incorporate new surcharge revenues in the Board's three to five-year strategic budget planning.

Your Committee notes that S.B. No. 887, S.D. 2 (Regular Session of 2017), which was previously passed by the Senate, is a substantially similar measure that also establishes a 1.5 percent prepaid wireless E911 surcharge at the point of sale to create



parity between postpaid and prepaid wireless telecommunications service. Your Committee concludes that the language in S.B. No. 887, S.D. 2, is preferable because it does not contain a reporting requirement or a sunset provision, contains preferred clarifying amendments, and includes a 2018 effective date.

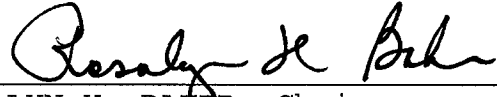
Accordingly, your Committee has amended this measure by:

- (1) Deleting its contents and inserting the contents of S.B. No. 887, S.D. 2, a substantially similar measure, which:
 - (A) Establishes a 1.5 percent prepaid wireless E911 surcharge at the point of sale;
 - (B) Allows sellers to deduct and retain three percent of all surcharges collected from consumers to offset administrative expenses associated with collecting the surcharge;
 - (C) Requires sellers to remit the surcharge balance to the Enhanced 911 Fund on a specified periodic basis; and
 - (D) Inserts an effective date of July 1, 2018; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 206, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 206, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,




ROSALYN H. BAKER, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 206, HD2	CPH, WAM	3/14/17		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
NISHIHARA, Clarence K. (VC)	/			
CHANG, Stanley	/			
ESPERO, Will	/			
IHARA, Jr., Les	/			
KIDANI, Michelle N.	/			
RUDERMAN, Russell E.	/			
TOTAL	7			
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes