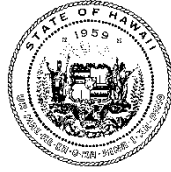


DAVID Y. IGE  
GOVERNOR



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  
INTRASTATE COMMERCE  
ON  
WEDNESDAY, FEBRUARY 1, 2017, 9:00 A.M.  
CONFERENCE ROOM 429

H.B. 206

RELATING TO ENHANCED 911 SERVICES

Chair Ohno, Vice Chair Choy, and members of the Committee, thank you for the opportunity to provide testimony on H.B. 206. The Department of Accounting and General Services (DAGS) supports H.B. 206 (the measure).

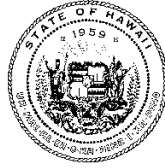
We support this measure for the following reasons:

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 39 states 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



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 TESTIMONY  
OF  
COURTNEY TAGUPA, EXECUTIVE DIRECTOR  
ENHANCED 911 BOARD  
TO THE  
HOUSE COMMITTEE ON INTRASTATE COMMERCE  
ON  
Wednesday, February 1, 2017  
9:00 A.M.  
CONFERENCE ROOM 429

H.B. 0206

RELATING TO ENHANCED 911 SERVICES

Chair Ohno and members of the Committee, thank you for the opportunity to submit written testimony on H.B. 206. I am Courtney Tagupa, Executive Director of the E (Enhanced) 911 Board, representing the Board who supports HB 206. By way of background, the E911 Board is comprised of thirteen voting members representing emergency responders from the four counties, consumer and IT government representatives, and private sector communications industry representatives.

The Board seeks to remedy the E911 Special Fund's inequity between users who post pay 66 cents a month for VOIP, and/or wireless service fees for 911 access and purchasers of prepaid cards who do not pay any service fee for the same 911 access. HB206 proposes that prepaid card users pay 2.64% at the point of sale, which will support E911 operations at each counties' PSAPs (public safety answering points/or dispatch call centers).

In researching a fair rate for Hawaii's prepaid card 911 fee, we reviewed 39 states and found that prepaid card rates vary significantly, as do their economic and population demographics. We sought guidance from CTIA (Cellular Telecommunications Industry Association) and the E911 Board decided on a 1.5% prepaid card fee be charged instead of 2.64%. At 12 months of prepaid card usage, the surcharge would total about \$4.95 per year.

In consideration of low income prepaid card purchasers, a purchase of ten minutes or \$5 or less, would be exempt from the 1.5% user fee. We also reference FCC's "Lifeline" program that

provides monthly stipends for wireless access to those persons who are income eligible for other federal programs: Medicaid, federal housing and food stamps programs. To address retailers' concerns for startup costs and preparations for administering the prepaid card fee, the effective date for this fee allows a year (July 1, 2018). The retailer may deduct and retain 3 percent of prepaid wireless E911 surcharges collected from consumers for administrative purposes. While prepaid card revenues cannot be projected at this time, an estimated revenue of \$1.2M would augment the E911 Fund. Annual post-paid collections are projected at \$10M. Funds are then disbursed to the county PSAPs for their continuous improvements to their operations as described in the 5 Year Strategic Budget.

Statewide, the growth of wireless communications continues to grow each year. In 2016, 75% of 911 calls were via wireless communications. For the past two years, the four counties have upgraded their dispatch systems to receive **text messages**, which support remote areas like Hawaii County's Puna District that can text but not call, and importantly, support hearing impaired persons and those persons under domestic threat or criminal peril where voice calls endanger their situation.

The counties' dispatch systems have benefitted greatly in their daily operations with costly equipment, routine maintenance, and software upgrades that result in a robust wireless communications system. I share recent events that testify to this collective effort.

During December, Honolulu Fire Dispatch received a wireless 911 call from stranded hikers who were rescued by chopper from Windward District's Ka'aawa Ridge Trail. The wireless call was routed via a Hawaii Kai cell tower and HFD was able to accurately plot the hiker's location, and confirm the overall effectiveness of Hawaii's E911 upgraded system.

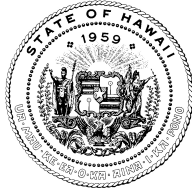
In November, Kauai veteran dispatcher Lavina Taovao received a 911 emergency call that assisted with a live-birth. She talked and walked the distressed parties through emergency procedures while medical support was enroute. (MidWeek cover story).

While these two events are special, they are also ordinary daily work performed by our well trained dispatchers and emergency responders who benefit from robust equipment and upgrades from the E911 Fund. We ask for your continued support as wireless emergency communications expand into photo and video transmissions in the near future.

Mahalo for your time and consideration of our requests. Please contact me for further questions that you may have.

courtney.tagupa@hawaii.gov  
(808)391-7971

DAVID Y. IGE  
GOVERNOR



TODD NACAPUY  
CHIEF INFORMATION  
OFFICER

**STATE OF HAWAII**  
**OFFICE OF ENTERPRISE TECHNOLOGY SERVICES**

P.O. BOX 119, HONOLULU, HI 96810-0119  
Ph: (808) 586-6000 | Fax: (808) 586-1922  
ETS.HAWAII.GOV

Testimony of  
**TODD NACAPUY**  
Chief Information Officer, State of Hawai'i

Before the

HOUSE COMMITTEE ON INTRASTATE COMMERCE  
Wednesday, February 1, 2017; 9:00 a.m.  
State Capitol, Conference Room 429

HOUSE BILL NO. 206  
RELATING TO ENHANCED 911 SERVICES

Chair Ohno, Vice Chair Choy, and Members of the Committee:

I am Todd Nacapuy, Chief Information Officer (CIO) of the State of Hawai'i, as a member of the Enhanced 911 Board testifying in **support** of House Bill No. 206 Relating to Enhanced 911 Services.

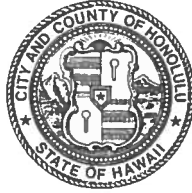
The Enhanced 911 Fund supports 911 dispatch services that summon police, fire and emergency medical services provided by the City and counties. Every telephone user, except those using prepaid wireless phones, now pays a monthly surcharge of 66 cents that goes into this fund to help State and local governments deploy new technologies in serving and protecting the public. Using this fund, Hawai'i was among the first states to adopt Text-to-911 and to start planning for Next Generation 911 services.

This bill will close the loophole that exempts prepaid wireless phone users from paying their share. We believe these surcharges should be imposed equitably for all phone users who may call and benefit from 911 services across the State.

Thank you for this opportunity to testify in support of this measure.

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 1, 2017

The Honorable Takashi Ohno, Chair  
and Members  
Committee on Intrastate Commerce  
House of Representatives  
Hawaii State Capitol, Room 429  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Ohno and Members:

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

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, Relating to Enhanced 911 Surcharges, with the suggested amendment to set the unspecified prepaid wireless enhanced 911 surcharge at 1.5 percent.

This bill provides 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 with the suggested amendment.

Thank you for the opportunity to testify.

Sincerely,

  
William Baldwin, Major  
Communications Division

APPROVED:



Cary Okimoto  
Acting Chief of Police

**Bernard P. Carvalho, Jr.**  
Mayor



**Robert F. Westerman**  
Fire Chief

**Wallace G. Rezentes, Jr.**  
Managing Director

**Kilipaki K. F. Vaughan**  
Deputy Fire Chief

**KAUA'I FIRE DEPARTMENT**  
**County of Kaua'i, State of Hawai'i**  
4444 Rice Street, Suite 315, Lihu'e, Hawai'i 96766  
TEL (808) 241-4980 FAX (808) 241-6508

January 30, 2017

The Honorable Takashi Ohno, Chair  
Committee on Intrastate Commerce  
The State House of Representatives  
State Capitol, Room 332  
Honolulu, Hawaii 96813

Dear Chair Ohno:

Subject: House Bill (HB) 206 Relating to Enhanced 911 Services

I am Robert F. Westerman, Vice-Chair of the Hawaii State Fire Council (SFC) and Fire Chief of the Kauai Fire Department (KFD). The SFC and the KFD support HB 206, 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 KFD urge your committees' support on the passage of HB 206.

Please contact me at (808) 241-4975 or [rwesterman@kauai.gov](mailto:rwesterman@kauai.gov) should you have any questions or require additional information regarding this matter.

Sincerely,

Robert Westerman  
Fire Chief, County of Kaua'i

RFW/eld

**TESTIMONY OF THE HAWAI'I POLICE DEPARTMENT**  
**HOUSE BILL 206**  
**RELATING TO ENHANCED 911 SERVICES**  
**BEFORE THE COMMITTEE ON INTERSTATE COMMERCE**

**DATE** : Wednesday, February 1, 2017

**TIME** : 9:00 A.M.

**PLACE** : Conference Room 429  
State Capitol  
415 South Beretania Street

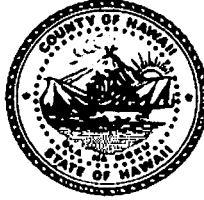
**PERSON TESTIFYING:**

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

January 30, 2017

### POLICE DEPARTMENT

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

Representative Takashi Ohno  
Chairman and Committee Members  
Committee on Interstate Commerce  
415 South Beretania Street, Room 429  
Honolulu, Hawai`i 96813

**Re: HOUSE BILL 206, RELATING TO ENHANCED 911 SERVICES**

Dear Representative Ohno:

The Hawai`i Police Department supports House Bill 206, 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.

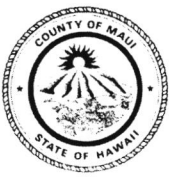
It is for these reasons, we urge this committee to approve this legislation.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Paul K. Ferreira".

PAUL K. FERREIRA  
POLICE CHIEF



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

January 30, 2017



TIVOLI S. FAAUMU  
CHIEF OF POLICE

DEAN M. RICKARD  
DEPUTY CHIEF OF POLICE

The Honorable Takashi Ohno, Chair,  
The Honorable Isaac W. Choy, Vice Chair,  
And Members of the Committee on Intrastate Commerce  
House of Representatives  
State Capitol  
Honolulu, Hawaii 96813

**Re: House Bill No. 206, RELATING TO ENHANCED 911 SERVICES**

Dear Chair Ohno and Members of the Committee:

The Maui Police Department strongly supports the current draft of H.B. No. 206.

This bill would provide funding to the Enhanced 911 service 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 would ensure the services are charged to the consumer fairly and equally across the board for both users of contract wireless and prepaid wireless cellular phone consumers.

This cost would be less than 3 cents per transaction to provide a necessary service to the public.

The Maui Police Department asks that you support H.B. No. 206.

Thank you for the opportunity to testify.

Sincerely,

TIVOLI S. FAAUMU  
Chief of Police

January 31, 2017

The Honorable Takashi Ohno, Chair  
Committee on Intrastate Commerce  
House of Representatives  
State Capitol, Room 332  
Honolulu, Hawaii 96813

Dear Chair Ohno:

Subject: House Bill (HB) 206 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, 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.

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





January 30, 2017

Honorable Takashi Ohno  
Chair, House Committee on Intrastate Commerce  
Hawaii State Capitol  
Room 332  
Honolulu, HI 96813

Honorable Isaac W. Choy  
Vice Chair, House Committee on Intrastate Commerce  
Hawaii State Capitol  
Room 404  
Honolulu, HI 96813

**RE: House Bill 206, 9-1-1 Prepaid Surcharge – Support with Amendment**

Dear Chair Ohno and Vice Chair Choy:

On behalf of CTIA, the trade association for the wireless communications industry, I am writing to express our support for House Bill 206 (related to the imposition of the 9-1-1 surcharge on prepaid wireless services) with amendment. We are supportive of the bill 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 House Bill 206 with a 9-1-1 rate of 1.5% at the point-of-sale.

Thank you for the opportunity to submit testimony in favor of House Bill 206 with amendment.

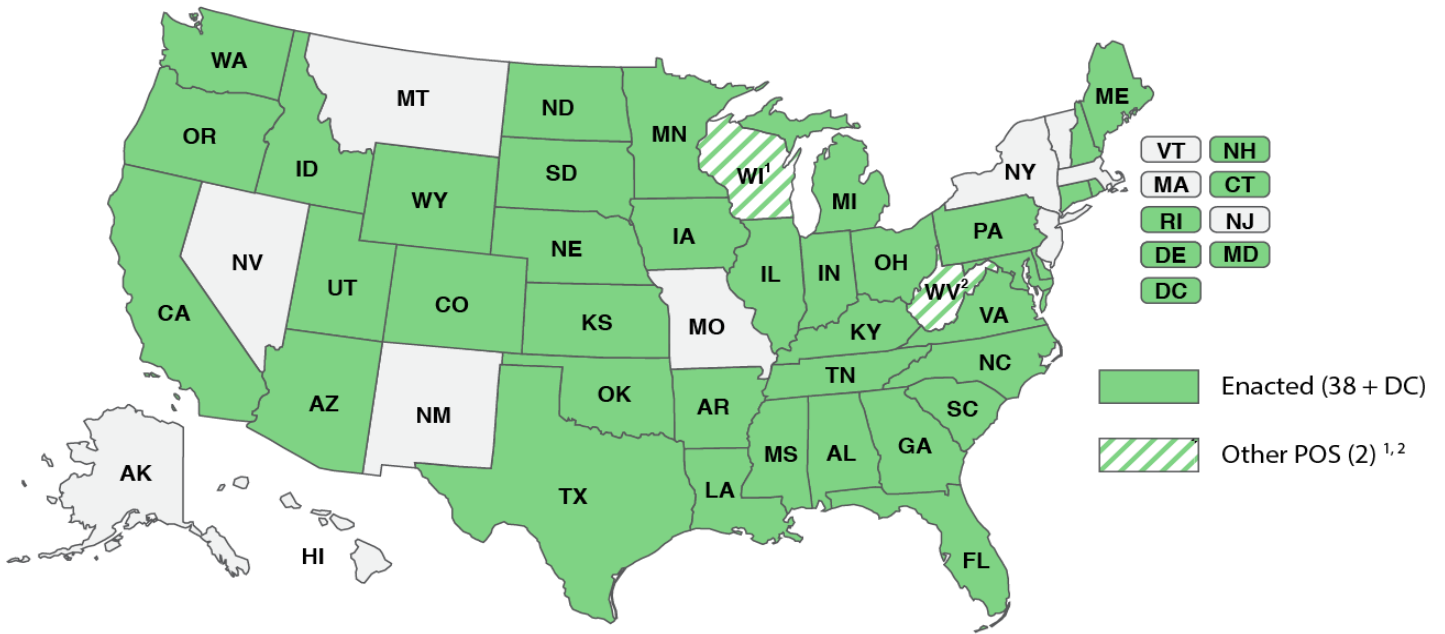
Sincerely,

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  
Irvine, CA 92618

February 1<sup>st</sup>, 2017

Honorable Takashi Ohno  
Chair, House Committee on Intrastate Commerce Hawaii State Capitol  
Room 332  
Honolulu, HI 96813

Honorable Isaac W. Choy  
Vice Chair, House Committee on Intrastate Commerce Hawaii State Capitol  
Room 404  
Honolulu, HI 96813

**RE: House Bill 206, 9-1-1 Prepaid Surcharge – Support with Amendment**

Dear Chair Ohno and Vice Chair Choy and Members of the Committee,

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

House Bill 206 captures the key components of the model legislation adopted by the National Conference of State Legislators. It aligns with bills 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 Ohno, Vice Chair Choy and members of the House Committee on Intrastate Commerce, for the above reasons, Verizon requests your vote to SUPPORT House Bill 206.

Thank you for your consideration.

# 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

INTRODUCED BY: Souki by request

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 2.64% 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: July 1, 2018.

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 1/27/2017



January 30, 2017

The Honorable Takashi Ohno, Chair  
The Honorable Isaac W. Choy, Vice Chair  
and Members

Committee on Intrastate Commerce  
House of Representatives  
State Capitol, Room 429  
415 South Beretania Street  
Honolulu, Hawaii 96813

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

Dear Chair Ohno and Members:

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