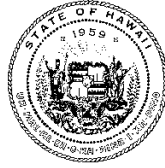


DAVID Y. IGE
GOVERNOR



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
MARCH 15, 2017
9:00 A.M.
CONFERENCE ROOM

S.B. 0877, S.D. 2

RELATING TO ENHANCED 911 SERVICES

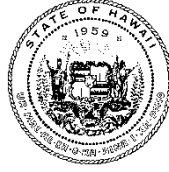
HB 206, HD2 and SB887, SD2 are E911 Board's companion bills that request a 1.5% surcharge on prepaid wireless communications for parity purposes with the current 66 cents surcharge on monthly postpaid wireless communications that has supported the statewide E911 program for 13 years since enactment. While prepaid services comprise a small percentage of the market share, we are mindful of its unpredictable consumer nature. As these differing legislations undergo further independent review and possible conference committee deliberations, we submit our position as follows.

We support SB887, SD2, as our vehicle to establish the 1.5% surcharge on prepaid wireless communications services. It addresses the technical amendments and 2018 enactment date.

We oppose HB206, HD2, as amended by House CPC Committee for its reporting and sunset provision. The reporting of aggregate fees are already required in our annual report to the Legislature. The surcharge "impact" reports on rural consumers and retailers who experience declining sales, presumes that such reliable data bases for these subjectively narrow reviews (rural consumers and declining sales) exist. We have yet to confirm that such narrow data is publicly available and reliable. The sunset provision deters our ability to plan and use the new surcharge revenues because of its uncertain future. Our annual financial reporting already apprises the Legislature whether our revenues, including this new revenue source, are being purposely applied to budgeted expenses.

We thank you for your understanding and 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
HOUSE COMMITTEE ON INTRASTATE COMMERCE
ON
WEDNESDAY, MARCH 15, 2017
9:00 A.M.
CONFERENCE ROOM 429

S.B. 887, S.D. 2

RELATING TO ENHANCED 911 SERVICES.

Chair Ohno, Vice Chair Choy, and members of the Committee, thank you for the opportunity to provide testimony on S.B. 887, S.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

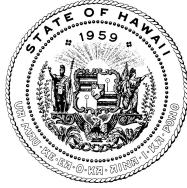
cost for the acquisition, implementation and maintenance of hardware and software that provide enhanced 911 functionality.

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 submit comments on this measure.

LATE

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 INSTRASTATE COMMERCE

Wednesday, February 15, 2017; 9:00 a.m.
State Capitol, Conference Room 429

SENATE BILL NO. 887, S.D. 2
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 Senate Bill No. 887, S.D. 2, 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.org



KIRK CALDWELL
MAYOR

LOUIS M. KEALOHA
CHIEF

CARY OKIMOTO
JERRY INOUE
DEPUTY CHIEFS

OUR REFERENCE WB-AS

March 15, 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: Senate Bill No. 887, SD2, 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 Senate Bill No. 887, SD2, 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 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 Senate Bill No. 887, SD2, 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

TESTIMONY OF THE HAWAI'I POLICE DEPARTMENT
SENATE BILL 887, SD 2
RELATING TO ENHANCED 911 SERVICES
BEFORE THE COMMITTEE ON INTERSTATE COMMERCE

DATE : Wednesday, March 15, 2017

TIME : 9:00 A.M.

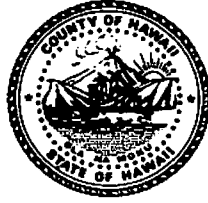
PLACE : Conference Room 429
State Capitol
415 South Beretania Street

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

March 13, 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: SENATE BILL 887, SD 2, RELATING TO ENHANCED 911 SERVICES

Dear Representative Ohno:

The Hawai`i Police Department supports Senate Bill 887, SD 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 Senate Bill 887, SD 2.

Sincerely,

PAUL K. FERREIRA
POLICE CHIEF

IACtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 13, 2017 2:34 PM
To: IACtestimony
Cc: dean.rickard@mpd.net
Subject: Submitted testimony for SB887 on Mar 15, 2017 09:00AM

SB887

Submitted on: 3/13/2017

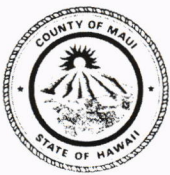
Testimony for IAC on Mar 15, 2017 09:00AM in Conference Room 429

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

Comments: Dear Chair Ohno and Members: The Maui Police Department strongly supports this bill (SB 887, SD 2), 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 throughout the State of Hawaii, the Maui Police Department urges you to support bill (SB 887, SD 2). 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



ALAN M. ARAKAWA
MAYOR

OUR REFERENCE

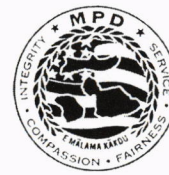
YOUR REFERENCE

POLICE DEPARTMENT

COUNTY OF MAUI

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

March 15, 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

The House of Representatives
State Capitol
Honolulu, Hawaii 96813

RE: Senate Bill No. 887, Senate Draft 2, RELATING TO ENHANCED 911 SERVICES

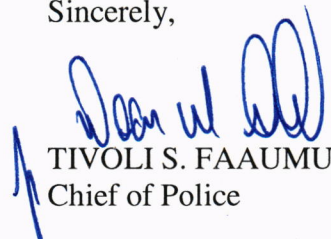
Dear Chair Ohno and Members of the Committee:

The Maui Police Department supports S.B. 887, S.D. 2, which seeks to collect the E911 surcharge from prepaid wireless consumers at the retail point of sale.

The collection of prepaid wireless E911 surcharge is very important in order to sustain adequate funding for enhanced 911 statewide. E911 surcharges should be imposed in a fair and equitable manner with respect to prepaid mobile service. The E911 surcharge should be imposed upon all consumers of telecommunication services that have the ability to access E911. This is an important funding mechanism to assist state and local governments in sustaining E911 systems. The benefits to the public is a comprehensive, efficient, and coordinated statewide E911 system serving all citizens that is funded in a fair and equitable manner for all.

The Maui Police Department asks that you support S.B. No. 887, S.D. 2.

Sincerely,


TIVOLI S. FAAUMU
Chief of Police



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

**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
March 15, 2017**

Re: SB887 HD2 RELATING TO ENHANCED 911 SERVICES

Good morning Chair Ohno and members of the House Committee on Intrastate Commerce. 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 SB 887 HD2 Relating to Enhanced 911 Services. This measure essentially places an additional 1.5% tax on prepaid wireless services at the point of sales. 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.

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-2

INTRODUCED BY: Senate Committee on Ways and Means

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 sections 138-3 and 138-4.

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 3/13/2017

WRITTEN TESTIMONY
OF
DAVLYNN RACADIO, SESD
MAUI POLICE DEPARTMENT
To The
COMMITTEE ON INTRASTATE COMMERCE
ON
Wednesday, March 15, 2017
9:00 AM
Conference Room 429

SB 887, SD2

RELATING TO ENHANCED 911 SERVICES

Chair Takashi Ono, Vice Chair Isaac Choy and Committee Members, thank you for the opportunity to provide testimony on Senate Bill 887.

I am Davlynn Racadio, a Communications Supervisor at the Maui Police Department. I am testifying in support of SB 887.

This surcharge is for those who utilize prepaid wireless telecommunications services. This legislation is aimed at correcting this issue. 9-1-1 technology continues to evolve and grow. On October 13, 2016 the State of Hawaii was the fourth in our nation to do a statewide implementation of Text to 9-1-1. Within two years or less, it is expected that our Public Safety Answering Points (PSAPs or Dispatch Centers) will start to receive pictures and videos. This is what these funds are used for. To prepare and fortify each of our centers on each Island to be ready every day for current issues and for new and upcoming technologies.

I am humbly requesting your support for this measure as this would bring equality to everyone in the State of Hawaii. The services of each 9-1-1 Center is there for anyone who needs help or guidance.

Respectfully,

Davlynn Racadio, SESD
Maui Police Department
Communications Section
Davlynn.racadio@mpd.net
Office: 808-244-6338

LATE

**TESTIMONY OF ROBERT TOYOFUKU ON BEHALF OF THE HAWAII
ASSOCIATION FOR JUSTICE (HAJ) IN OPPOSITION TO S.B. 887, S.D. 2**

March 15, 2017

9:00 a.m.

CR 429

To: Chairman Takashi Ohno and the House Committee on Intrastate Commerce:

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.2, relating to Enhanced 911 Services.

S.B. 887, S.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.