

HB-1680

Submitted on: 1/31/2020 4:32:35 PM

Testimony for IAC on 2/4/2020 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Courtney Tagupa	Enhanced 911 Board	Support	Yes

Comments:



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TODD G. RAYBUCK
Chief of Police

LATE

Testimony of Todd Raybuck
Chief, Kaua'i Police Department

Before the
House Committee on Intrastate Commerce
February 4, 2020; 9:30 am
Conference Room 430

In consideration of
House Bill 1680
Relating to Enhanced 911 Services

Honorable Chair Takashi Ohno, Vice Chair Dale T. Kobayashi, and Members of the Committee:

The Kaua'i Police Department **supports** the passage of House Bill No. 1680, Relating to Enhanced 911 Services.

The collection of a prepaid wireless 911 surcharge is very important to sustain adequate funding for enhanced 911 services statewide. The Enhanced 911 Fund (FUND) provides funding to deploy and sustain 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 for wireless prepaid mobile phone users.

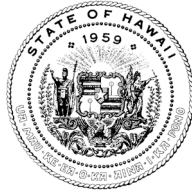
Surcharges for 911 services should be fair and equitable. Currently the surcharge is applied to postpaid wireless consumers however it does not apply to prepaid consumers. This bill will correct the inequity. To be fair and equitable, prepaid wireless consumers should not be exempt from the 911 surcharge. These consumers should be required to pay a 1.5% 911 surcharge per transaction at the point of sale as stated in the Bill.

In summary, the Kaua'i Police Department supports the passage of House Bill No. 1680 for these reasons and we urge the committees to support this Bill.

Thank you for the opportunity to testify.



DAVID Y. IGE
GOVERNOR



DOUGLAS MURDOCK
CHIEF INFORMATION
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LATE

Testimony of
DOUGLAS MURDOCK
Chief Information Officer
Enterprise Technology Services

Before the

HOUSE COMMITTEE ON INTRASTATE COMMERCE
TUESDAY, FEBRUARY 4, 2020

HOUSE BILL NO. 1680
RELATING TO ENHANCED 911 SERVICES

Dear Chair Ohno, Vice Chair Kobayashi, and members of the committee:

As a member of the Enhanced 911 Board, am testifying in support of the intent of House Bill No. 1680, which amends the enhanced 911 surcharge rate.

The Enhanced 911 Fund supports city and county 911 dispatch services that summon police, fire, and emergency medical services when someone dials 911. Today, every telephone user, except those using prepaid wireless phones, pays a monthly surcharge that goes into this fund to maintain those dispatch systems and to deploy new technologies that better serve and protect the public. This bill will close the loophole that exempts prepaid wireless phone users from paying their fair share for this critical service. Such surcharges should be imposed equitably for all phone users who may call and benefit from 911 services. The Enhanced 911 Board is presently reviewing industry data and 911 funding experiences from other states, and based on those analysis, the Board may suggest changes to surcharges proposed in the bill after its February meeting.

Thank you for this opportunity to testify on this measure.



LATE

TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
FEBRUARY 4, 2020

Re: HB 1680 RELATING TO ENHANCED 911 SERVICES

Good morning Chair Ohno and members of the House Committee on Interstate 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 committed to supporting 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 is **STRONGLY OPPOSED to HB 1680 Relating to Enhanced 911 Services**. This measure establishes a prepaid wireless E911 surcharge to be imposed on prepaid wireless telecommunications services purchased at a retail transaction. Allows sellers to deduct and retain three per cent of the surcharge for administrative expenses. Requires deposit of the surcharge balance into the enhanced 911 fund. Amends the enhanced 911 surcharge rate.

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. 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.

In their recent report to the legislature, the **E911 Board began their 2018 fiscal year with \$25.5 million and began their 2019 fiscal year with \$27.2 million cash balance**. The monies in this measure should be placed under the Dept of Taxation where there is oversight. Instead, Hawaii is currently the **ONLY** state where the E911 funds are not part of the Department of Taxation, but the Department of Accounting and General Services - where there is no real oversight. We cannot help but wonder **why the E911 Board is going after small businesses and those who are financially challenged when they have a surplus of funds**.

Prepaid phone cards would be covered under this measure and small retailers, especially those in the community carry these phone cards for those calling their family overseas as their cellphone is their only means of communication. **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 as the cost to implement this new "tax" can be substantial**. The 3% that the retailers would be able to retain is not enough to cover the administrative costs. **With the surcharge being 60 cents, retailers would be able to retain 1 cent**.

- **\$5,000 - \$10,000 per unit for 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.
- **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 services are recognized and the proper surcharge tax could be levied. This would not be included in their original service contract as it is a **NEW TAX**.
- **Additional monthly average charge of \$100 per hour for a bookkeeper or \$250 per hour for a CPA**. The time and cost would be higher for those retailers who have cash registers that don't itemize purchases (shows only the price but not what the item is - like a adding machine tape), as accountants would have to go line by line purchase by purchase 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.

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? Under the current bill there is also no enforcement component. E911 Board in a previous hearing has indicated that are unsure who is all selling prepaid services in Hawaii.

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 rice, spam, milk and toilet paper to name a few.

Government mandates like this one also 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.