

TO: Members of the Senate Veteran Affairs Committee  
FROM: Hasina E. Squires, Special Districts Association of Oregon  
DATE: February 7, 2012  
RE: **Testimony in Support of Senate Bill 1560**

#### **INTRODUCTION**

Members of the Senate Veterans Affairs Committee, thank you for the opportunity to appear before you today. For the record my name is Hasina Squires and I appear before you today on behalf of the Special Districts Association of Oregon (SDAO) to provide testimony in support of Senate Bill 1560. The Special Districts Association's membership consists of approximately 950 special service districts that provide a range of services (including but not limited to water, wastewater, irrigation, parks and recreation, 9-1-1 and rural fire protection) to citizens who reside within cities and residents of unincorporated communities.

#### **BACKGROUND – TAX AND FUNDING**

In 1981 the Oregon Legislature issued a mandate for statewide 9-1-1 services and instituted a 3% surcharge on subscriber's telephone lines. At that time there were over 280 Public Safety Answering Points (PSAPs) in Oregon with only a few providing basic 9-1-1 service and none provided Enhanced 9-1-1 service.

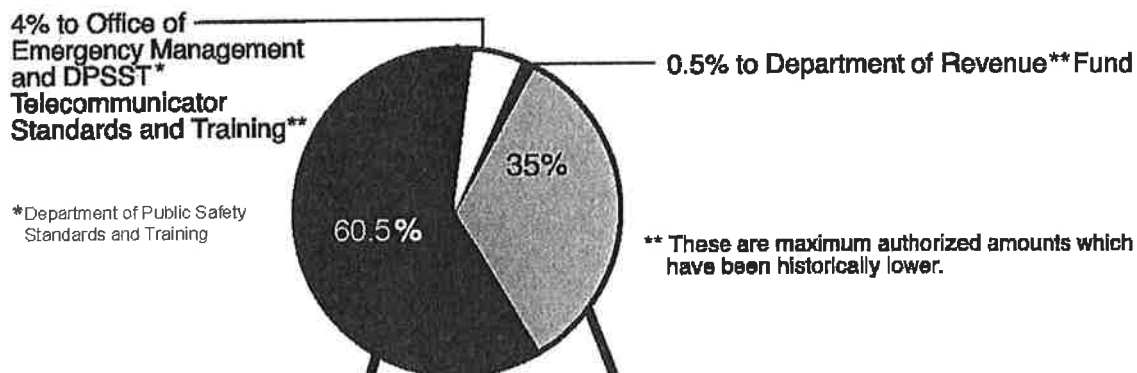
The 1991 legislature increased the surcharge to 5% and mandated Enhanced 9-1-1 service (9-1-1 caller's address and responsible police, fire and EMS provider displayed to the call-taker). However, in 1995 the 5% surcharge was converted to an approximate equivalent 75-cent surcharge to provide the 9-1-1 program with greater revenue stability and predictability. Revenue is distributed as follows:

- ✓ Sixty and one-half percent (60.5%) of the revenues are distributed to counties and cities for operation of the state's 49 PSAP's. Distribution is in proportion to population, except that no county receives less than 1% of the distribution. The funds may not be used for PSAP operations unless they are directly related to 9-1-1.
- ✓ Thirty-five percent (35 %) of the revenues are managed by Oregon Emergency Management (OEM) a Division of Oregon Military Department to pay for PSAP common network services, Federal Communications Commission Phase I and II wireless services, costs associated with the Enhanced 9-1-1 program which include network, database, equipment and other costs related to providing state-wide wire line and wireless 9-1-1 services.
- ✓ Four percent (actual costs or no more than 4% maximum) of revenues may be used by the Oregon Emergency Management to pay for OEM 9-1-1 program administration and Telecommunicator training at the Department of Public Safety Standards and Training (DPSST).
- ✓ One-half percent (actual costs or no more than 0.5% maximum) of the revenues are distributed to the Department of Revenue for administrative processing cost recovery.



# The Funding of 9-1-1 Public Safety Answering Points (PSAPs) in Oregon (2009)

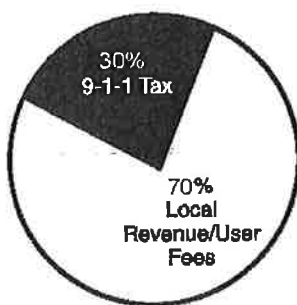
## Allocation of the 75¢ Tax on Access to 9-1-1 Services



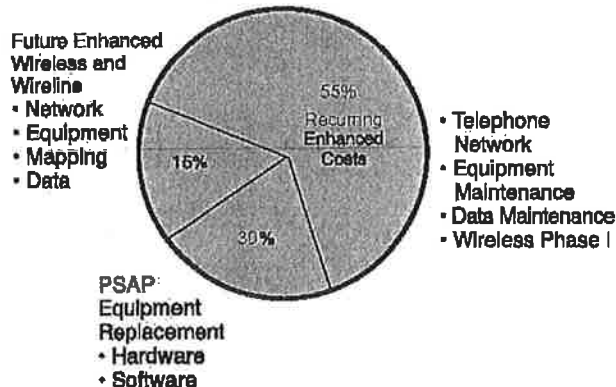
60.5% to 9-1-1 PSAP Operations

35% to Enhanced 9-1-1 Subaccount

### Typical 9-1-1 PSAP Operating Costs are Funded



### Enhanced 9-1-1 Subaccount Expenditures



## HISTORY OF DIVERSIONS

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The Legislature has passed legislation diverting the 9-1-1 tax a total of 6 times. Three of the six times the legislation has been vetoed by either Governor's Kitzhaber or Kulongoski.

1. HB 3977 (2001) - \$1,754,101 from the Emergency Communications Enhanced 9-1-1 (E9-1-1) Subaccount to Oregon State Police to assist in the purchase of communication equipment including computer, radio, and dispatch equipment required for the operation of the Oregon State Police's Central Communications and Coordination Center. Without this specific statutory change to appropriate these funds from the E9-1-1 Subaccount, the funds would have been used to fund E9-1-1 phase II wireless implementation. This appropriation allowed state general fund dollars that would have been used to retire state debt for this equipment to be used for other purposes.
2. HB 4020 (2002) - \$14 million from the Emergency Communications to the State's General Fund. *\*This legislation was vetoed by Governor Kitzhaber.*
3. HB 4030 (2002) - \$14 million from the Emergency Communications to the State's General Fund. *\*This legislation was vetoed by Governor Kitzhaber.*
4. HB 4055 (2002) - \$9 million from the Emergency Communications to the State's General Fund.
5. SB 994/SB5549 (2007) - \$9 million from the Emergency Communications to fund the Oregon Wireless Interoperability Network (OWIN). *\*Governor Kulongoski exercised his line item veto authority.*
6. SB 581 (2009) - \$3.61 million from the Emergency Communications Enhanced 9-1-1 Subaccount and Equipment Replacement Fund to the State's General Fund. In addition, approximately \$1 million per biennium in interest earnings from the entire 9-1-1 Account has been diverted to the State's General Fund (legislation is necessary to stop this practice).

## DIVERSIONS MISUSE FUNDS COLLECTED FOR A SPECIFIC PURPOSE

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In Governor Kulongoski's 2007 veto message he stated, "I have vetoed the transfer of \$9 million because it is important that funds collected from telecommunications customers for enhancements to the 9-1-1 emergency response system to be used for the purposes established in the applicable statutes."

SDAO agrees with this statement and believes that 9-1-1 funds should be collected and used for their intended purpose. It is also clear that the federal government feels strongly about this issue. The NET 911 Improvement Act that was passed and signed into law in 2008 contains language that was expected to act as a deterrent to 9-1-1 tax diversions. States that divert 9-1-1 taxes are ineligible (for certain time periods of time) to receive grant funding from the federal E9-1-1 grant program. Oregon is one of seven states that had diverted 9-1-1 funds for General Fund purposes during the current biennium.

Oregonians expect basic 9-1-1 service for emergencies. This expectation is justifiable and should be met. Across the state, citizens and businesses pay for it, through a 75-cent surcharge on their monthly phone bills that is specifically earmarked for 9-1-1 service.

SDAO believes that diverting 9-1-1 funds is a short-term accounting maneuver that puts our citizens' safety and well being at risk. The telecommunications industry has invested millions of dollars on behalf of Oregon citizens to locate 9-1-1 callers. In order for the volume of calls received to be connected, answered in a timely manner, and to allow dispatchers to locate the callers, Oregon will be required to make ongoing investments in the public safety communications infrastructure. Draining the 9-1-1 fund for uses other than its intended purpose will only cause further delay in the statewide availability of critical public safety communications services which often saves lives.

Thank you for the opportunity to express our support for SB 1560. SDAO urges passage of this legislation.



# NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.  
See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

**FOR IMMEDIATE RELEASE:**  
November 8, 2011

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## **FCC RELEASES THIRD ANNUAL REPORT TO CONGRESS ON STATE COLLECTION AND DISTRIBUTION OF 911 AND ENHANCED 911 FEES AND CHARGES**

*Public Safety Bureau Also Issues Public Notice to Collect Additional Information  
on State Use of 911/E911 Fees*

Washington, D.C. – The Federal Communications Commission today released its third annual report regarding states that have diverted any portion of the 911 fees they collect for purposes other than 911 programs. The Report to Congress on State Collection and Distribution of 911 and Enhanced 911 Fees and Charges was submitted to Congress on November 1, 2011. The Commission submits this report annually pursuant to the New and Emerging Technologies 911 Improvement Act of 2008 (NET 911 Act). The information contained in the report is based on information provided to the Commission by states and U.S. territories regarding their collection and expenditure of fees or charges to support 911 or Enhanced 911 (E911) services.

This year's report identifies seven states that, in part, used some portion of 911 fees for non-911 purposes in 2010. This represents a decline in the number of states that reported diverting 911 fees for non-911 purposes in previous years: the Commission's first annual report in 2009 identified 12 states that had diverted 911 funds, while the second annual report in 2010 identified 13 states that had diverted funds.

FCC Chairman Julius Genachowski said, "The good news this year is that the number of states diverting 9-1-1 funds to purposes other than public safety is going down. As we move towards a next-generation 9-1-1 system, the FCC is today seeking input on how to most effectively use 9-1-1 fees to enable the transition to sending text, video and photos to 9-1-1, and on recommendations to Congress to ensure that its laws have real teeth."

Specifically, Arizona, Illinois, Oregon and Rhode Island diverted 911 fees to their state's general fund. Virginia and West Virginia used the diverted fees for other public safety-related purposes. South Dakota could not provide expenditure information at this time.

In conjunction with release of this year's report, the Public Safety and Homeland Security Bureau issued a Public Notice proposing to collect more detailed information from states and U.S. territories regarding their collection and use of 911 fees, including whether such fees are or can be used to support Next Generation 911 (NG911) initiatives. The Public Notice also seeks comment on whether the FCC should recommend potential legislative changes to Congress that would provide greater accountability in the collection and expenditure of 911 funds.

Public Safety and Homeland Security Bureau Chief, James Arden Barnett, Jr., Rear Admiral (Ret.) said, “We are pleased that this year’s report indicates that a smaller number of states are diverting 911 funds than in previous years. However, fee diversion remains a concern, and we are committed to improving our information collection and reporting to ensure transparency and accountability in 911 fee collections and expenditures as Congress intended.”

**To learn more about this year’s report, visit [www.fcc.gov](http://www.fcc.gov) or follow us on Twitter @FCC.**

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News and other information about the FCC is available at [www.fcc.gov](http://www.fcc.gov)