



OREGON MILITARY DEPARTMENT

HB 3317 Presentation

Public Safety Sub-Committee

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J. Michael Caldwell
Brigadier General
Deputy Director



Presentation Overview



- Current 9-1-1 Environment
- Distribution of Tax Proceeds
- Revenue Decline vs. Wireless Growth
- Wire-line Growth vs. Wireless Growth
- Impacts of HB 3317
- Industry Insight
- Prepaid Revenue Estimates
- Conclusion



Current 9-1-1 Environment



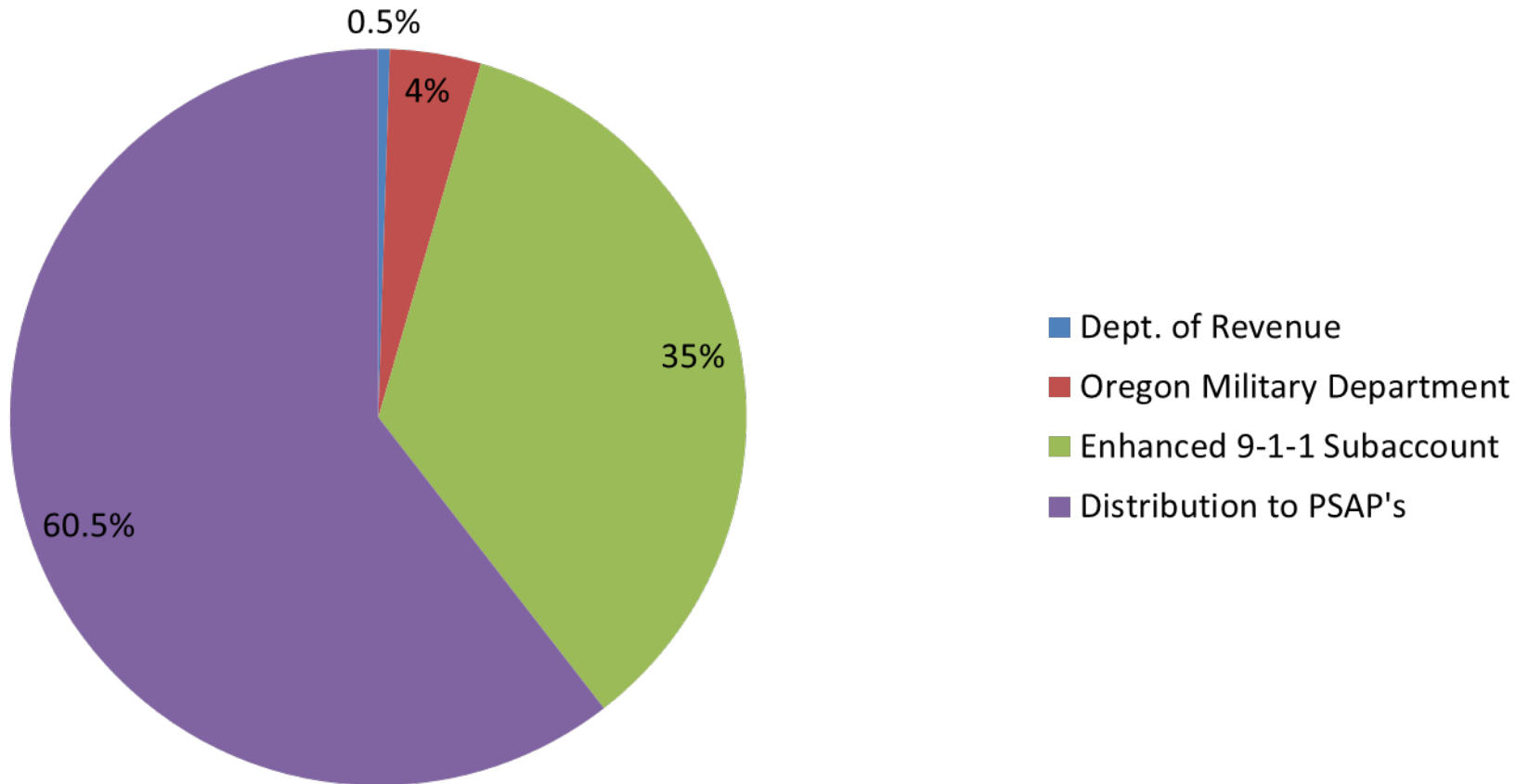
- Program was established in 1981
 - Mission and Duties are outlined in ORS 403
- Goal is to “ensure seamless operation of the statewide Enhanced 9-1-1 System”
- Financed by a \$0.75 Emergency Communications Tax
 - Modified from 5% of local access bill to flat rate in 1995
 - Tax is slated to sunset on January 1st 2014
- Supports 45 Public Safety Answering Points in Oregon
 - Down from 56 in 1999



Distribution of Tax Proceeds - Current



Emergency Communications Tax Distribution

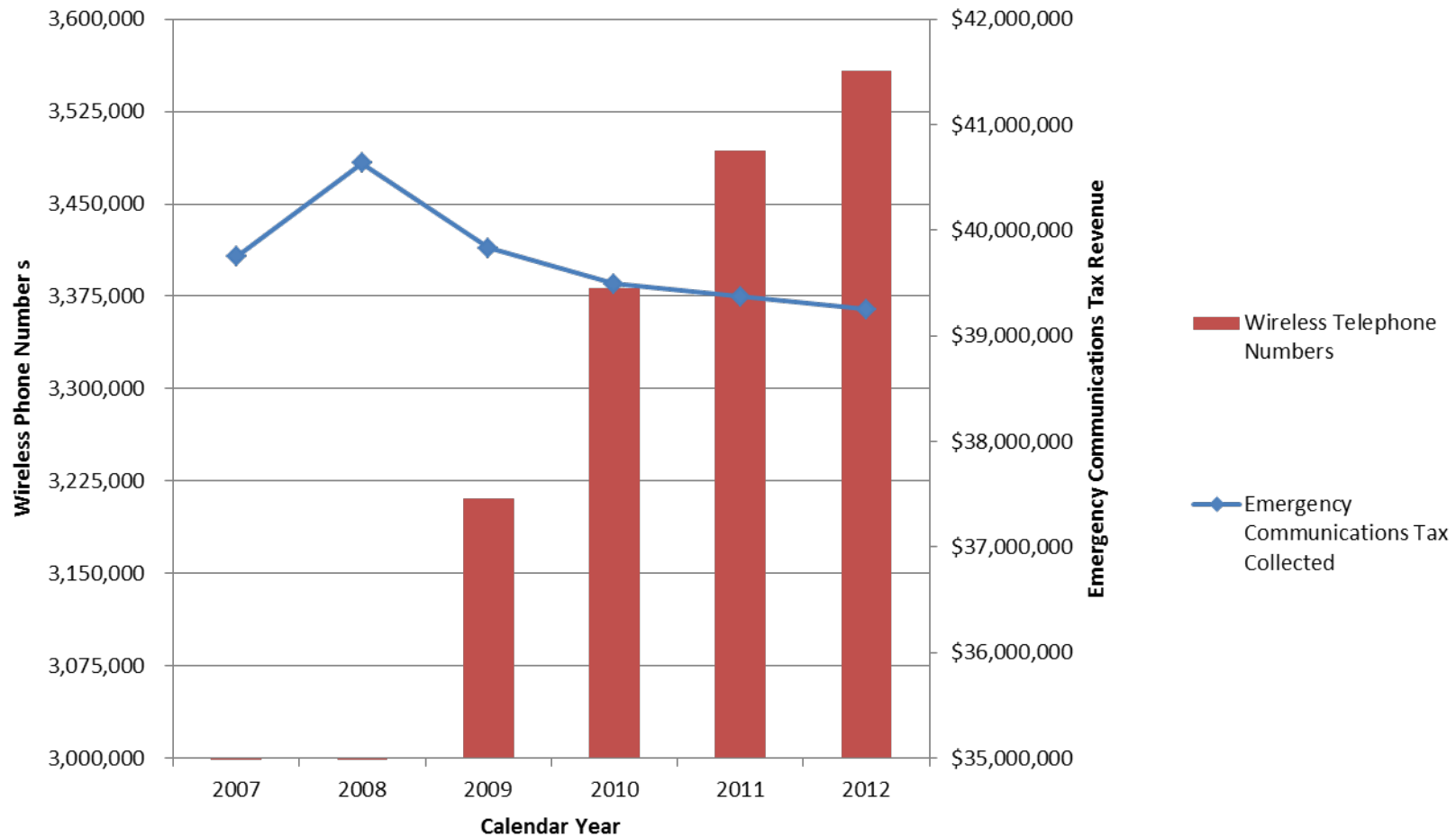




Revenue Decline vs. Wireless Growth

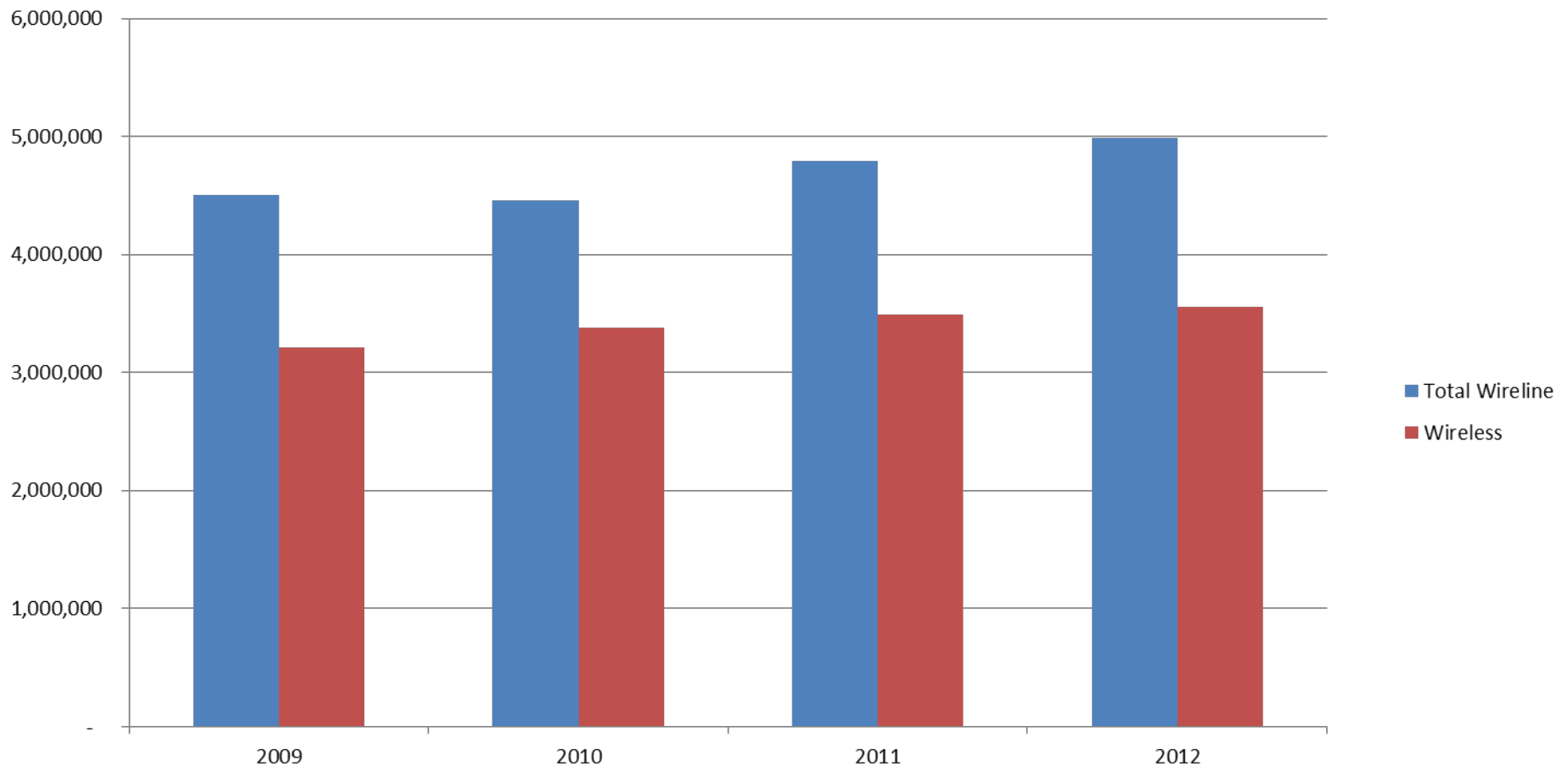


Revenue Decline vs. Wireless Growth





Wire-line Growth vs. Wireless Growth



Source: OPUC



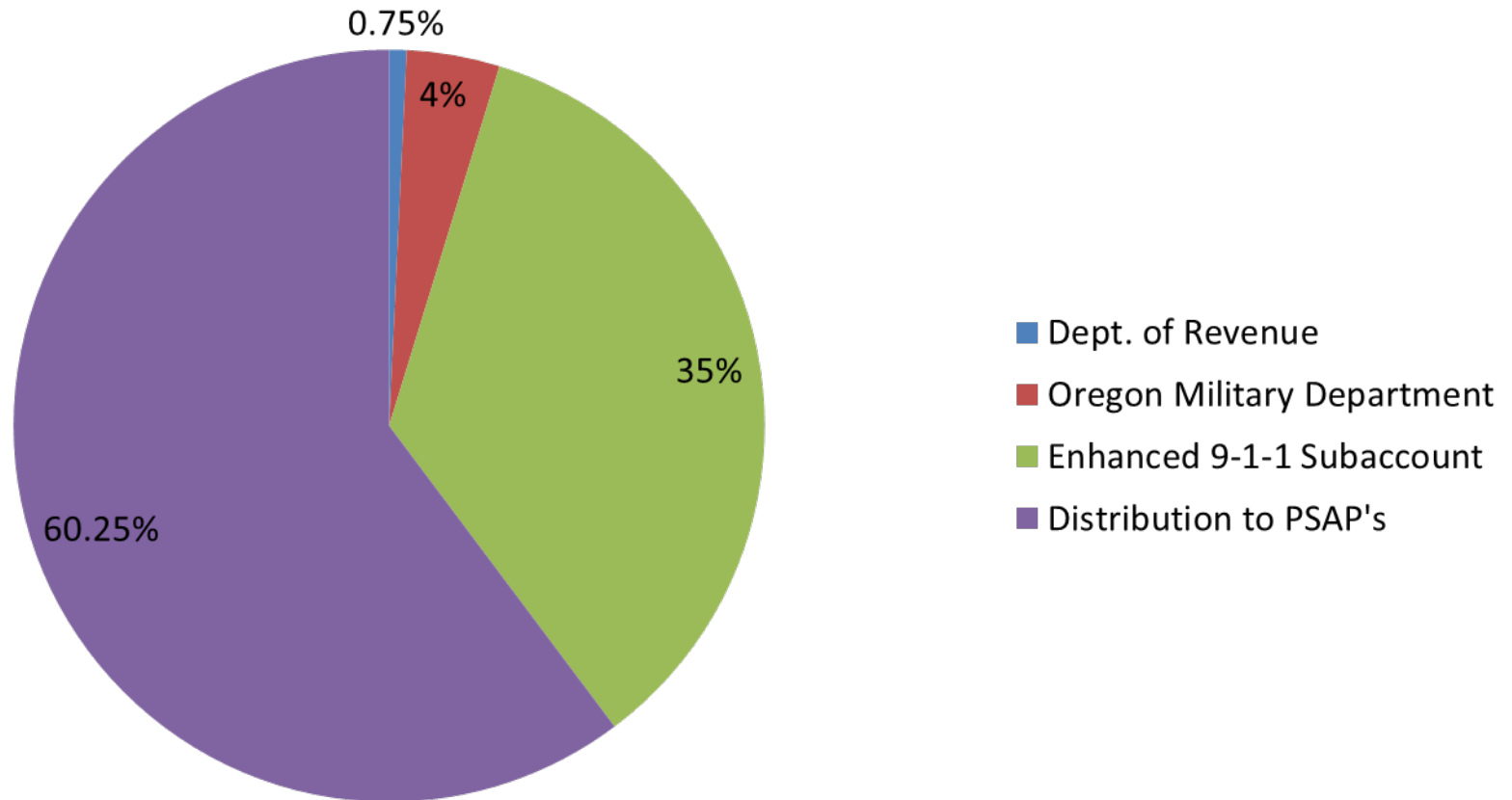
Impacts of HB 3317

- Extends Sunset of Emergency Communications Tax
- Allows for the re-establishment of the State 9-1-1 Program
- Provides for continued funding to Public Safety Answering Points
- Increases percentage of funding available to DOR for administration
- Requires “enhanced enforcement and collection activities” related to Pre-Paid and VOIP



Impacts of HB 3317- Distribution of tax proceeds

Emergency Communications Tax Distribution





Industry Insight

- Sprint / Nextel ⁽¹⁾
 - 56 Million Total Wireless Customers as of 3rd Qtr. 2012
 - 32.1 Million Postpaid
 - 15.4 Million Prepaid – 27% of Total Wireless Customers
- Verizon Wireless ⁽²⁾
 - Prepaid Customer Counts up 30% from 1st Qtr. 2011 to 4th Qtr. 2012
 - 402,000 new Prepaid Subscribers in 2011
 - 675,000 new Prepaid Subscribers in 2012
 - Does not include Re-Sale / Wholesale Customers
 - Verizon has approximately 3.7 million Wholesale lines as of Dec 2009
- Per a 2012 USATODAY.COM article ⁽³⁾
 - “No-contract phones now account for nearly 25% of the U.S. Market”

(1) - SPRINT NEXTEL Report of Third Quarter 2012 Results

(2) - Verizon Wireless 4th Qtr.2012 Earnings Results

(3) - USATODAY Article written by Kim Komando - <http://usatoday30.usatoday.com/tech/columnist/kimkomando/story/2012-07-06/prepaid-wireless-phone/56033654/1>



Prepaid Revenue Estimates

- Legislative Revenue Office - \$1,490,000 - (2013-15 Biennium)
- Legislative Revenue Office - \$2,350,000 - (2015-17 Biennium)
- KSE Partners - \$7,067,432- (Biennial Revenue)
 - Based on annual revenue of \$3,533,716 identified in a March 14th 2013 Report
- Industry Representative - \$8,195,792 - (Biennial Revenue)
 - Based on annual revenue of \$4,097,896 identified in an undated document
- Military Department - \$14,410,944 - (Biennial Revenue)
 - Based on applying the emergency communications tax to an estimated 800,608 prepaid devices



Questions