

Emergency Communication Tax
 Applied to Pre-Paid and VOIP Numbers
 \$9 Per Year (\$.75 Per Month)

Phone Numbers in Oregon:

According to the Public Utility Commission of Oregon there are 8,542,940 phone numbers (wire-line and wireless) assigned to customers in Oregon. Below is a breakdown of the 8,542,940 phone numbers. The table reflects number type by wire-line or wireless. Wire-line numbers are traditionally post-paid, while wireless numbers can be either post-paid or pre-paid. There is a category under the wire-line umbrella called VOIP (Voice Over Internet Protocol). VOIP numbers are traditionally post-paid, but they utilize an internet connection to carry the phone call.

Data Tables:

Number Type	Assigned Numbers
Wire-line	4,984,680
Wireless	3,558,260
Total	8,542,940

Implications of Pre-Paid and VOIP:

At this time no revenues are being uniformly collected from providers of prepaid wireless service and Voice Over Internet Protocol (VOIP) service. Please note that the collection of emergency communication tax revenue has decreased since 2009 while total phone number counts have grown.

Number Type	2009	2010	2011	2012
Wire-line	4,498,997	4,461,708	4,791,697	4,984,680
Wireless	3,210,421	3,381,291	3,492,839	3,558,260
Revenue Collected	40,263,516	37,568,803	39,634,464	39,253,775

Proposed Solution for Pre-Paid and VOIP:

The Military Department proposes to require providers of wireless (postpaid and prepaid) and VOIP numbers to submit to the Department of Revenue the equivalent of \$9 per year (\$.75 X 12 months) for each assigned number capable of accessing 9-1-1. For post-paid consumers, both wireless and VOIP, the tax could be collected through the monthly billing cycle. For pre-paid consumers the provider would be responsible for collecting the tax of \$.75 on a monthly basis after the activation of the number, and for as long as the number is active and has sufficient funds available. The provider will be responsible for determining how many of their active wireless and VOIP numbers have an Oregon area code¹. The Military Department believes an Oregon area code indicates the "place of primary use" as required by statute and 4 U.S.C. 116-126. Below is a table showing the projected biennial revenue impact if the tax were applied to all wireless numbers currently active in Oregon. Please note these figures do not include VOIP.

¹ A consumer may request whatever area code they want when they purchase a pre-paid phone. However should they fail to request a different area code they will be assigned the area code of the location they purchased the device in.

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Revenue Table:

Current Active Wireless numbers in Oregon	3,558,260
Proposed Emergency Comm. Tax	\$9
Projected Annual Tax Revenue	\$32,024,340
Projected Biennial Tax Revenue	\$64,048,680

Verification Process:

Each provider submitting funds to the Department of Revenue must submit documentation showing the exact count of phone numbers on which the tax was applied. This documentation must be certified as 100% accurate by the leadership within the submitting organization, and must include a breakout of post-paid, pre-paid, and VOIP numbers. All documentation would be eligible for audit by the Department of Revenue so long as the cost of the audit, when taken into account with the other administrative functions necessary to collect the Emergency Communication Tax, did not exceed one half of one percent of total revenue collected as stipulated in statute.

Petition Process:

Should the Department of Revenue (DOR) or the providers discover discrepancies they will make use of a formal petition process. The formal process for this is to be determined.

Fiscal Impacts:

The potential revenue impact is identified in the Revenue Table above. The Office of Emergency Management would not incur any additional costs to manage the increase in funds collected from the application of the Emergency Communication Tax to pre-paid and VOIP numbers. The Department of Revenue may incur some additional costs associated with the potential audits of provider submitted documentation. These additional costs may include increased FTE and Services and Supplies costs, but an accurate figure is currently not available.