



TO: Senate Veterans & Emergency Preparedness Committee
FROM: Hasina E. Squires, Special Districts Association of Oregon/APCO-NENA
DATE: February 17, 2015
RE: **Testimony in Support of Senate Bill 432**

INTRODUCTION

Members of the House Judiciary 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) and APCO/NENA to provide testimony in support of Senate Bill 432. 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. APCO/NENA is a professional organization that consists of 9-1-1 professionals who manage public safety answering points.

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.

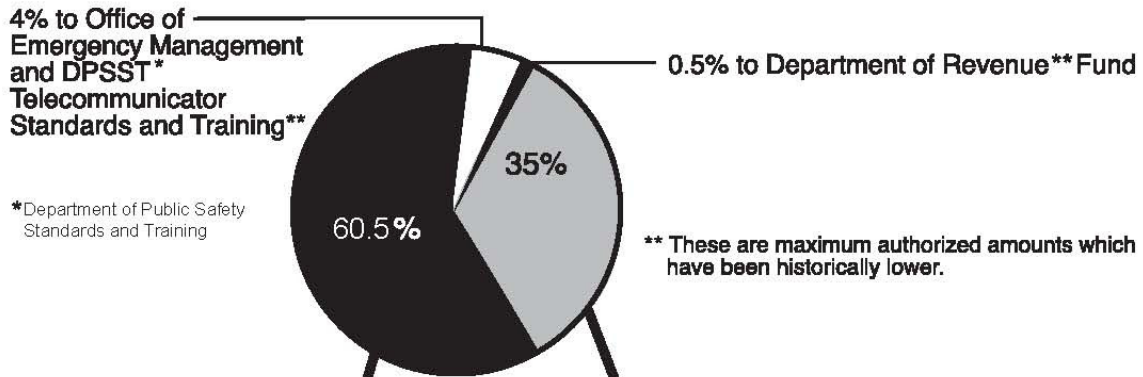
The 1991 legislature increased the surcharge to 5% and mandated Enhanced 9-1-1 service (9-1-1 caller's address and responsible police, fire and EMS provider displayed to the call-taker). However, in 1995 the 5% surcharge was converted to an approximate equivalent 75-cent surcharge to provide the 9-1-1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

- ✓ Sixty percent (60%) of the revenues are distributed to counties and cities for operation of the state's 47 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 percent (actual costs or no more than 1% 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)

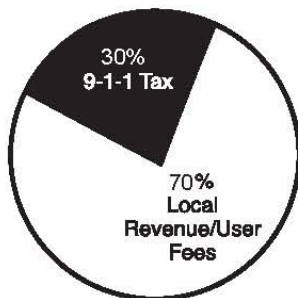
Allocation of the 75¢ Tax on Access to 9-1-1 Services



60.5% to 9-1-1 PSAP Operations

35% to Enhanced 9-1-1 Subaccount

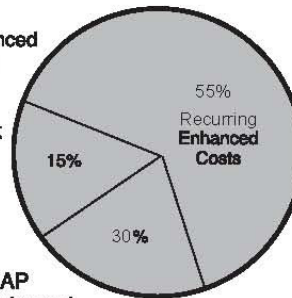
Typical 9-1-1 PSAP Operating Costs are Funded



Enhanced 9-1-1 Subaccount Expenditures

Future Enhanced Wireless and Wireline

- Network
- Equipment
- Mapping
- Data



- Telephone Network
- Equipment Maintenance
- Data Maintenance
- Wireless Phase I

PSAP Equipment Replacement

- Hardware
- Software

HISTORY OF DIVERSIONS

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

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 nine 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 432. SDAO urges passage of this legislation.